THE CHINA WEEKLY REVIEW

密勒氏評論報

A Weekly Newspaper Established In 1917

March 29, 1947

RENT RACKETEERING

AN EDITORIAL

Taiwan Island's Blood Bath

By John W. Powell

Cotton All-Important

By Ben Y. Lee

Sikang's Opium-Vending Governor

By C. Y. W. Meng

S. M. C. LIABILITIES

AN EDITORIAL

VOLUME 105 PRICE CNC$2,000 NUMBER 5

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LETTERS From The People

Comments from readers on current topics are cordially invited: their opinions, however, do not necessarily represent the views of The China Weekly Review.

Rent Racket

To The Editor:

Graft and corruption are certainly familiar words to those living in Shanghai, and I do not expect my story to come as a surprise to anyone. However, I should like you to publish my letter in order to draw attention to a typical example of the "rent racket" now being practised here.

Having seen an advertisement by the General Discount Company offering one and two roomed self-contained apartments for rent, I paid a visit to their office to find out more particulars. I was told that the apartments were in the compound of the Sainte Marie Hospital in the ex-French Concession, and had just been newly converted. The plan of the building showed that it had probably been a ward or hall of some kind.

Upon further inquiry I was informed that the rent of these apartments ranged from US$140 to US$240 per month, or the equivalent in CNC at the rate of CNC$12,000 to US$1, depending on the size of the unit, and that one year's rent was demanded in advance. My informant also volunteered the information that if I desired to sell my apartment before the end of the first year, I was certainly at liberty to do so, but the General Discount Company would take half the proceeds of the sale!

Out of curiosity I made the trip to Rue Pere Robert, found the compound and was received by the caretaker, who proceeded to show me the apartments. The first one I saw was the "three-roomed" unit at U.S.$240, which upon investigation proved to consist of one very large room, one extremely small room, an alcove glorified in the plan as a "study," a bathroom containing the smallest bath I have ever seen, and a kitchen whose only fitting was a small cement sink. The caretaker proudly announced that this apartment not only had electricity, but was supplied with gas as well!

The other apartments proved to be just as badly arranged as the first one. No fittings in the kitchens; not a single closet or cupboard, except one close to the ceiling in one of the two-roomed units; old-style baths, one of which was badly rusted on the bottom; and gas in only the more expensive apartment. There were fixtures for both central heating and hot water, but the tenants must shoulder the cost of connecting them and getting them into working condition.

I suppose I am naive, but the idea of demanding US$140 for a one-roomed apartment or US$240 for a two-and-a-half-roomed apartment, particularly when the said apartments are converted from a dingy, obviously old building on Church property, angers me considerably.

One at least expects the Church, and I presume the property is owned by the Church, to have some sympathy and respect for human needs, but here we find it joining in with the rest of the racketeers and rent-gougers who make their millions by taking advantage of helpless and homeless people like myself.

Why is nothing being done to stop this sort of thing? Are there no laws to protect the people from these obviously illegal and corrupt practices? Certainly, no key money is being directly demanded, but having to pay one year's rent in advance amounts to the same thing to people in my position, who cannot readily produce the required US$1,800 or US$-3000. The time has come for Government intervention and investigation, and this could very well be used as a test case.

AMERICAN.

Shanghai,
March 21, 1947.

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Intervention

To The Editor:

During the past several weeks the newspapers in Nanking, Shanghai and other major cities in China have been debating hotly over the subject of possible international intervention in China's civil war. They can be divided generally into pros and cons, with very few maintaining a neutral attitude. Both sides have solid reasons to support their cases.

But if one looks into the matter carefully, one can readily see that the papers which are against intervention are, with few exceptions, either official or Kuomintang subsidized organs, while the liberal and democratic press is almost unanimously in favor of international mediation, presuming that such mediation would bring peace, and democratize and unify China.

Now, according to the news service, the Soviet Foreign Commissar, Mr. Molotov, has already proposed a discussion of China's problems at the current Foreign Ministers' Conference in Moscow. I do not know yet whether his proposal has been accepted or not.

To the Chinese people, in the depths of their sorrow over the continuance of the civil war to which there seems to be no solution, such good news as this is certainly welcome. No matter what the Kuomintang and their satellites may do to spread anti-intervention propaganda both at home and abroad, we people are certainly in favor of any good-intentioned interference which would help to stop this large-scale massacre threatening our lives and property, as well as future world peace.

It is well known that China is on the verge of economic collapse, and that the Chinese people are nearing death because of famine. They have been denied all rights to life and liberty. The new Constitution is only a beautiful overcoat to fool innocent foreigners. The fascist control is tighter than ever before.

While Article II of the new Constitution says "people have freedom of speech and publication," and Article XIV says "people have freedom of assembly," all the communist and Democratic League papers such as the *New China Daily* and *Min Chu Pao* are suppressed. Large scale arrests and attacks upon people's meetings by secret police have occurred lately in Peiping, Shanghai and Chungking.

The people would have revolted long ago given the same favorable circumstances as prevail in Taiwan. How can any one-party government controlled by a group of corrupt bureaucrats and compradores, claim to represent the mass of the people, and yet refuse international intervention which might alleviate their sufferings?

In our opinion, there can be no peace in China without strong foreign pressure being applied to the KMT. For the past year America has maintained the wrong policy, by aiding one belligerent side, and thereby deepening the hardships of the Chinese people. We hope this time those mistakes will be corrected.

The decisions reached at the last Moscow Conference resulted in the P.C.C., which was a great democratic advancement in China, although it was later turned down by Kuomintang reactionaries at their second plenary session. It is to be hoped that this time a similar or even better agreement will be worked out by the Big Three regarding China.

In order to maintain world security and avert World War III, China's problem is of the utmost importance. Regardless of protests, please go ahead with the discussions!

We want to give one more word to the people of the world. The Chinese people are now living under a tyrannical rule, without a single representative in the

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government! They have no way of expressing their will. Over 80 percent of the newspapers, and many large corporations are controlled directly or indirectly by the ruling class.

In the near future there may be many anti-intervention speeches and demonstrations sponsored by the government. They are not indicative of the thinking of the Chinese common man. Therefore, fair mediation with Russia, Britain and the United States working jointly to solve China's problem will surely meet with eager applause from the Chinese people.

T. P. KAO.

Chengtu, Szechuen,
March 13, 1947.

Co-education

To The Editor:

It seems as though everything in China is moving backward instead of forward. Today is Women's Day. I am very much excited. But this morning I was greatly shocked to hear the speech given by the principal of our school, in which it was announced that the Ministry of Education has reissued the order for the abolition of the co-educational system in middle schools.

We were told that this was one of the resolutions reached by the first National Educational Council held in 1928. Why have these abolitionists waited so long to put this order into effect? Is there really some trouble with the system of co-education, or do they do this only at random? Do they really know the meaning of co-education and its value? I wonder.

The system of co-education was adopted from foreign countries, not because it is "dangerous," but because it is wholesome and good. The question now is how to achieve it, not whether it should be done or not. Of course, there has been some trouble in some primary schools, middle schools and even universities, where boys and girls work and study together. But we should consider how we can wipe out these troubles and improve the relationship between students.

We should not abolish the co-educational system because of these minor troubles. One is inclined to ask, "Are there no troubles in those schools or universities where boys and girls are separated from each other?" Men and women, during their mental and physical development, have strong desires to show the gifts of their respective sexes, and are ready to admire each other. They have physiological as well as mental differences. Each is not complete without the other's influence.

Of course, boys and girls can be segregated in order to let them grow in their own way. But according to the principle of education it is preposterous.

KENG LIAN JI'EI.

T'sai Chia Po, Shensi,
March 8, 1947.

Another View

To The Editor:

I am a student of education and not long ago was appointed master in a certain middle school. I recently received the order from the education authorities, announcing the abolition of co-education in middle schools, and I wonder whether this will be good for the present situation in China.

Many "armchair" educators often have their plans put into effect, without paying any attention to outside conditions; and many conferences about educational reform are held, with not one schoolmaster in attendance. The schoolmasters know much about educational affairs such as system, administration, curricula, method and so on, but unfortunately their offers of assistance are refused.

The education authorities have recently tried to seek reasons for abolishing the co-educational system in China. One reason is that boys and girls in puberty are sensitive to sexual relations, and if put together in school they are liable to commit misdeeds. The education authorities have put the cart before the horse, for if they do wrong, the blame is with the teachers, not the system, for they have not led their students in the right direction.

Another reason put forward, is that since boys and girls have different physiological structures, they cannot be expected to do the same lessons, and that feminism would be buried in a boys' school. But from the viewpoint of psychology, the individual differences are greater than the sex. So far as we know, boys and girls working together in middle school may accept virtues from each other, and encourage and help each other.

Still another reason was that Chinese custom does not approve of boys and girls sitting together in one classroom. This is a prejudice not worthy of an answer.

Now, if we carry this order into effect, most of the girl students in the country will be refused an education, for there are no schools for girls. This is an appeal to the Ministry of Education. I hope they will pay some attention to the matter, for there is no reason for the education authorities to abolish co-educational schools.

T. F. WANG.

Tsinkiang, Fukien,
March 13, 1947.

Bazooka

To The Editor:

The *Review* gives me much pleasure both in studying English and in understanding the true conditions of current events in China.

Please receive my condolences on Mr. J. B. Powell's death. He was a friend of China and her people. His magazine the

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Review is the only Wise Man, who tells the people what "is," and what is right and wrong. How can one help but be sorry upon his passing?

I know "V-J Day" means Victory Day or Japanese surrender, but what does the "J" stand for? Also "G-I" seems to mean a U.S. soldier, but I do not know what the letters stand for. "Bazooka" is a newly-invented kind of war instrument. What is its Chinese name? Will you kindly answer these questions when it is convenient for you?

TU SUNG-SHOU.

Lingdon Hsien, Shensi,
March 19, 1947.

(The "J" in "V-J" stands for Japan. The term "GI" was derived originally from "General Issue," the clothing issued to a soldier in the U.S. Army. The Chinese characters for bazooka, a gun, are: "火箭筒."—ED.)

Nice Of You, Lady

To The Editor:

In the March 8 issue of *The Review* you published a letter from Mr. Y. Y. W., in which he said goodbye to the *Review*.

After reading it my heart was full of sympathy. I am a girl who was recently graduated from university, so I know well how much $2,000 means to a poor student. Now I have a job, and although the salary is low I am able to pay for every issue of *The Review*.

If you would kindly send me the address of Mr. Y. Y. W. in Chinese, I shall post him my copy of *The Review*, which I buy from a hawker, when I have finished reading it every week.

(MISS) F.

Shanghai,
March 13, 1947.

(EDITOR'S NOTE:—Thank you, young lady. We are forwarding Y. Y. W.'s address.)

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Too Much Control!

To The Editor:

I should like to give you some information about highway communications in Yunnan. Kunming is the meeting point of the highways extending eastward to Kweiyang and Chungking, southeastward to Wuchow and Liuchow, and westward to Wangting.

For many years during the war the truck owners were bothered by the numerous controlling organizations, checking stations, with numberless register tables and clerks crowded into those offices. These were provided in order to strengthen the military transportation effort, and to facilitate efficiency (?), so the official documents maintained.

Now, although controls on commercial transportation have been lifted, the control office in Kunming is still functioning. They issue the unnecessary (in my opinion) release orders for all trucks. They assist in the annual checking of trucks, and the issuance of renewed truck and driving licenses. In these practices there is a good chance for them to make money.

I do not object to the presence of these checking stations, since there may be opium and gold smuggling or other evils. But some of these stations will even unload whole truckloads, unscrew the wheels and let the air out of the tires in "investigating." However, one can avoid this procedure by paying off.

"Controlling" and "checking" in China, or at least in Kunming, mean "delaying of communications," or interpreted in another way mean, bluntly, "squeeze."

"JAZZ."

Kunming, Yunnan,
March 14, 1947.

Mr. Lam's "Formula"

To The Editor:

I am very sorry to occupy your precious space again with this letter to "teach" Mr. Lam On-pong how to behave himself as an educated man. Anyone reading Mr. Lam's letter in your *Review* of March 1, would naturally take him to be an uneducated fellow, despite his beautiful use of English.

First of all, Mr. Lam never mentions the remarks made in my former letter, but simply shouts various vicious names at me, such as frog, parrot-like, opportunistic politicians, dopey ones, bombastic student, fool and even happy dogs.

Then, like a stubborn teacher, he begins to give lessons to those who disapprove of him: "You are students, you need only study. Do not look outside. All things besides books are beyond your mental capacity!"

His formula for argument is very simple and familiar. To controvert the opposite opinion all that is necessary is to deny it. So he says: "You do not understand my ideas. Read again!"

Now Mr. Lam, let me remind you that "Shouting is not argument." And I daresay I know better than you do what constitutes a student's duty. A good student must not only be diligent in study but also in practice. A university is the place to learn to be a perfect man. That is the goal of a liberal education.

But even the most diligent student cannot live in books all the time; he must also live in society. Can he study peacefully in the classroom when one of his schoolmates is raped by foreign soldiers, and others are arrested by special agents without reason. Can he study peacefully in the classroom when his family in the country suffers from the civil war and therefore cannot support him?

Perhaps you could. But no, not even

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you, Mr. Lam, for you long for war, civil and international war, so if you were a student you would not be able to study wholeheartedly either. Here I cannot help thinking: when learning serves vice, the more the worse.

Mr. Lam, your learning gives an example to the cruel fact that China's education is a total failure, and it will do you good to read my letters carefully again, please.

CHEN TSE-KIANG.

Peiping, Hopei,
March 12, 1947.

Flight Of Capital

To The Editor:

It is all too evident that with the conclusion of hostilities in 1945, and the commencement of political conflict between the two major parties in this country, Chinese capital has been escaping to Hongkong, which now seems likely to replace Shanghai as "The Paradise of Adventurers."

Generally speaking this capital includes: (1) Foreign capital, owned by foreigners who are afraid of impending losses and risks caused by the existing economic instability and political uncertainty. (2) Chinese capital, belonging to Chinese entrepreneurs who hope vainly for government assistance, and meanwhile are coerced by the so-called bureaucratic capital. (3) Bureaucratic capital owned by influential members in the government. It is quite conceivable that the "big shots" in the government, taking advantage of their position and political affiliations picked Hongkong as the ideal place for an "extension of their activities," as Chinese laws do not operate there. (4) Puppet and enemy capital, whose owners are lucky enough to be able to evade its confiscation by the authorities, and thus hasten to conceal this capital in a "much safer" place against further "risks."

Attention should be called to the direct effects of this transfer of capital to Hongkong, among which the following are the most obvious and important: In the first place, the already capital-exhausted Chinese business enterprises will be confronted with new obstacles and difficulties because of the lack of sufficient funds, and may have to limit their industry even more.

Secondly, this transfer of capital clearly indicates China's next-to-death economy, thus resulting in an ever-growing demand for Hongkong dollars. This in turn brings about the common feeling that Chinese currency is about to face devaluation once again. Under these circumstances, everyone will very likely say: "Let me spend all my CNC on available commodities, in case the price should go up tomorrow." This state of affairs is liable to encourage hoarding, profiteering and speculation.

In clear contrast to the capital-escaping "campaign" now prevalent in this part of the country, it is of tremendous importance to note that our financial future is not so bright as we expected, and remedial measures are to be mapped out to that matters may be eased for a little while longer.

The government must therefore instruct all banks and financial institutions, both foreign and Chinese, to restrict their Hongkong dollar exchange and the exportation of Hongkong notes. In addition the authorities concerned should positively bring the present internal struggle to an early conclusion, so that currency issuance may be reduced, production increased, and capital transferance halted.

EUGENE CHANG.

Shanghai,
March 22, 1947.

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Vol. 105 Shanghai, Saturday, Mar. 29, 1947 No. 5

S.M.C. Liabilities

AFTER 18 months of almost continuous agitation by former employees of the defunct Shanghai Municipal Council, it appears that the wheels of Chinese government officialdom are finally moving toward a settlement of commitments freely entered upon by the Chinese government almost four years ago. From the latest press reports it seems that all is now ready for the settlement of outstanding sums owed to ex-employees of the S.M.C. as pay, superannuation and allowances, save approval of the Ministry of Finance.

There is no indication yet what form the final settlement will take—whether the Chinese government will recognize the liabilities in full, or whether only partial payment will be made.

However, before the final decision is made by the authorities concerned, they should bear in mind the fact that this is a "test case" of the Chinese government's willingness to live up to commitments freely entered into and promises guaranteed by solemn treaties. In former days it was the common custom for China to attempt to shirk certain international responsibilities by claiming that the commitments resulted from "unequal treaties." But while this argument could be utilized in the past, it will not hold water today.

The fact of the matter is that as early as January, 1943 China and the United States had already signed a treaty whereby the latter relinquished all extraterritoriality in this country, while China pledged herself to make provisions for assuming and discharging all obligations entered upon by the now defunct Shanghai Municipal Council. This treaty was ratified by the middle of the same year. A similar treaty was entered upon by China and Great Britain. In both cases the initiative had been taken by China, and in both cases it was the Chinese people who would gain most by the transfer of rights.

But if this were not enough, the tone of the treaty openly implied that handing over of the former International Settlement by the United States (and in the later treaty, by Britain) should be made simultaneously with the agreement on the execution of the provisions of the accord. In other words, the two foreign powers were to hand over the settlement only when the Chinese government had guaranteed the execution of the treaty in so far as its assumption of the ex-S.M.C. liabilities were concerned.

When the Chinese forces were airlifted into the coastal region of China, the *de facto* occupation of the former settlement was carried out by the Chinese government. Whereas the treaty provided for the handing over of the International Settlement to China by the United States and Britain, each being responsible for its own powers but making it amply clear that it was not in a position to guarantee that other foreign powers would relinquish their rights in the international concession, no such ceremonial transference of power ever was made.

The *de facto* occupation of the settlement by China, before making provisions for the payment of the ex-S.M.C. liabilities as implied by the treaty, therefore impose a further obligation—a moral one—upon the Chinese government.

There is an even more important aspect to the treaty obligations entered upon by the Chinese government, namely, that China should accord the same treatment to her own nationals serving in the S.M.C. as that accorded citizens of the nations signing the treaties with China. For the treaties speak of China shouldering all the liabilities of the ex-S.M.C. and not only such debts as may be owed either to citizens of the United States or Britain. There would be therefore not the slightest justification for the Chinese government's shirking its responsibilities toward its own nationals who, in serving the defunct Shanghai Municipal Council, were also serving the cause of good government in China.

Further, the final arrangement in regard to the Shanghai Municipal Council will serve as a basis for settlement of the outstanding liabilities contracted by the defunct foreign administrations of the concessions at such varied points as Tientsin, Amoy, Hankow and Shameen, among others. The importance of the issue cannot, therefore, be over-emphasized.

As pointed out, this is a "test case" of China's willingness to abide by the spirit and the letter of treaties freely entered upon by the Chinese government. To date more than a year and a half have elapsed without China fulfilling her obligations to a few thousand Chinese and several hundred foreign ex-employees of the SMC, and no doubt more time will elapse before the final settlement is reached. There has been more than ample time for the Chinese government to weigh all sides of the question and arrive at an equitable, just settlement. That is the least China can do to prove to the world at large that her bond is as good as her deed.

Quit Shoving, Neighbor!

The responsible officials of the Taiwanese Comfort Mission after their trip to Taiwan reported that if more than three persons appear in the streets of Taipeh, they are fired upon by the police. The 10 members of the Mission found themselves unable to carry on their work and were compelled to return by the same plane to Nanking.—*Wen Wei Pao, March* 13, 1947.

Small comfort, no doubt.

Proclaim Upon The Housetops

The foxes have holes, and the birds of the air have nests; but the Son of Man hath not where to lay his head.—(Matthew, 8, 20).

A GREAT gulf is indeed fixed between landlord and prospective tenant these days, and that in spite of the existing law and regulation. We are in receipt of an indignant letter signed "American," which tells a story not new but with some force and argument. Moreover, the suggestion adduced in the end is one which we heartily support and advise the authorities to execute, whether physically or figuratively, preferably the former.

The writer relates that having seen an advertisement in the local press to the effect that the General Discount Company "offers one and two-roomed self-contained (?) apartments for rent," she repaired to the offices in question to gather further details of the offer, and we quote:

"I was told that the apartments were in the compound of the Sainte Marie Hospital in the ex-French Concession, and had just been newly converted. The plan of the building showed that it had probably been a ward or hall of some kind. Upon further inquiry I was informed that the rental of these apartments ranged from US$140 to US$240 per month or the equivalent in CNC at the rate of CNC$12,000 to US$1, depending on the size of the unit, and that *one year's rent was demanded in advance.* My informant also volunteered the information that if I desired to sell my apartment before the end of the first year, I was certainly at liberty to do so, but the *General Discount Company would take half the proceeds of the sale.*

"Out of curiosity I made the trip to Rue Pere Robert, found the compound and was received by the caretaker, who proceeded to show me the apartments. The first one I saw was the "three-roomed" unit at US$240, which upon investigation proved to consist of one very large room, one extremely small room, an alcove, glorified in the plan as a "study," a bathroom containing the smallest bath I have ever seen, and a kitchen whose only fitting was a small cement sink. The caretaker proudly announced that this apartment not only had electricity, but was supplied with gas as well!

"The other apartments proved to be just as badly arranged....No fittings....not a single closet or cupboard, except one close to the ceiling in one of the two-roomed units....old style baths, one of which was badly rusted on the bottom, and gas in only the more expensive apartment. There were fixtures for both central heating and hot water, but the tenants must shoulder the cost of connecting them and getting them into working condition.

"I suppose I am naive, but the idea of demanding US$140 for a one-roomed apartment or US$240 for a two-and-a-half-roomed apartment, particularly when the said apartments are converted from a dingy, obviously old building on Church property, angers me considerably.

"One at least expects the Church, and I presume the property is owned by the Church, to have some sympathy and respect for human needs, but here we find it joining in with the rest of the racketeers and rent-gougers who make their millions by taking advantage of helpless and homeless people like myself."

Here is the story, the human side of it. We would only quote once more from the Scriptures to emphasize it:

"My house shall be called a house of prayer; but ye have made it a den of thieves."—(Matthew, 21, 13).

The legal side of the story comes in when it is remembered that the following regulations are now in force, or are supposed to be:

(A) The maximum rent deposit allowed shall not exceed two months' rent.

(B) Rent shall not exceed 140 times the 1937 rent.

Starting from Point (B), the US$240 for the larger apartment our correspondent mentions would make the 1937 rent about CNC$20,500 per month. At the prevailing rate of exchange at that time this would be approximately US$6,800. And for this sum in 1937 one could well become the owner of a large-sized apartment house or an entire set of houses.

Even if the "inflation" taken into account by the General Discount Company is reckoned and the US$240 considered a "fair" price for the apartment, the firm is still breaking the law by demanding one year's rent in advance when the regulations clearly stipulate that not more than two months' rent is to be deposited with the landlord.

Our correspondent rightly points out that while no key money is demanded outright, the US$3,000 in a year's rent, in practice, amounts to the same thing. "The time has come for Government intervention and investigation, and this could very well be used as a test case," "American" concludes her story.

In case the Government doesn't quite know what to do with the culprit in this case, we conclude with a final quotation from the Scriptures:

"It were better for him that a millstone were hanged about his neck, and he cast into the sea, than that he should offend one of these little ones."—(Luke, 17, 2).

There will of course be "gnawing and gnashing of teeth," but how do the authorities expect the housing racket to be wiped out if no measures are taken to uphold the regulations and laws promulgated?

Time Is Short

There is only a period of less than 10 months between now and the time when the Constitution is scheduled to come into force, and during this short period we must complete a number of laws connected with the enforcement of the Constitution.... What is more important is that we must thoroughly punish the Chinese Communists who have been undermining peace and unification....Otherwise, we could not talk about the enforcement of the Constitution and it would be certainly difficult for us to realize democracy.—*Chung Yang Jih Pao, March* 15, 1947.

Showdown In Indonesia

THE military collapse of Japan in August, 1945 left a bigger political vacuum in Asia than any found during a century. In Burma, Siam, Indo-China, Indonesia, Malaya and Borneo the controlling hand suddenly vanished, and in its wake sprang up native movements aimed at destroying the old, pre-Pearl Harbor order. Japan, which lost the war because her war cry of a "New Order in East Asia" failed to bring forth the expected results, now found that this slogan had become the magic watchword of millions of colonial subjects unwilling to have forced back upon them the shackles of foreign domination.

But if the wind of freedom blew hard all over Southeast Asia, it blew nowhere harder than in the East Indies. There, sensing how short a "breathing spell" there would be before the return of Dutch rule, nationalists of all political hues buried their differences overnight and proceeded to found the Republic of Indonesia. It was a perilous undertaking, with death perhaps for every Indonesian nationalist if the effort ended in failure.

But the Indonesian leaders were willing to pay the price, for only once in a century would such an opportunity come. They seized it. So was born a new word "Merdeka" (independence) and a new flag—the flag of independent Indonesia.

* * *

BUT it is one thing to declare one's independence, another to maintain it. And the maintenance of Indonesian independence has been the problem confronting Soekarno and Sjahrir during the past 18 months. The presence of British troops till the end of November, 1945 certainly was no help to the Indonesians. Nor was the great power reposed in the hands of Dutch militarists by the Hague government of any assistance. It was therefore more of a struggle to maintain what had been gained, than to strive for even bigger goals.

And today the war between the Netherlands and the Indonesian nationalists would still be going on, with bloody battles on a par with those continuing in Indo-China, were it not for the masterly policy of two men, the one, Hubertus van Mook, a Hollander, the other, Sutan Sjahrir, an Indonesian.

If peace comes tomorrow to 70,000,000 people, it is these two who will have to be its architects. If revolt and warfare return it will not be because of their efforts, but in spite of their great sacrifices for the common prosperity. Last week each, for the sake of both, brought about a showdown—and won his point.

* * *

THE showdown came over the Linggadjati basic peace accord which, while granting the Indonesian Republic greater recognition and powers than any previous accord, nevertheless left in Netherlands hands sufficient privileges to prolong the Dutch stay in the Indies. The Linggadjati pact was a "Solomon's judgment" which completely satisfied neither side, but which gave each enough to negotiate.

But radical nationalists on both sides attempted, from the very inception of the peace talks, to undermine the agreements reached. The Netherlands nationalists, able only to look back on the "old order," felt they were giving up too much. The Indonesian extremists, able only to look forward, felt that this smacked too much of the old regime. Both extremist groups therefore became weird political bedfellows, committed to destroying the Linggadjati peace part.

There had to be a showdown. Van Mook could not continue presiding over the Netherlands Commission-General while half its members openly refused to be bound by such an accord. Sutan Sjahrir, Premier of Indonesia, could not continue dealing with the Dutch if half the Indonesian parliament opposed this moderate "modus vivendi."

Mincing no words, van Mook let it be known by radicals on the Netherlands Commission General that either they must go, or he would. They resigned. Van Mook could then proceed with the enforcement of the Linggadjati peace pact.

Similarly Sjahrir made it clear to the Indonesians' parliament that he could no longer remain in office while his peace efforts were being undermined by radicals. The parliament, meeting at the Indonesian capital of Djokjakarta last Saturday, voted for acceptance.

* * *

THUS by courageous leadership, van Mook has taken the first step to implement a policy which will make it possible for the Netherlands to maintain a certain, degree of control over the Indies. Without farsighted, moderate politicians like van Mook, the Netherlands would have committed itself to a never-ending colonial conflict. Without men of the caliber of Sjahrir Indonesian fanatics would jeopardize the gains already made.

The lesson for the western powers still possessing colonies, as for the native peoples struggling to gain a greater voice in their own government, is therefore clear. For the West the message is: He who gives in time gives doubly. For the East the message is: Learn to walk before you try to run.

Old homilies perhaps. Mere theories by parlor politicians perhaps. But it is recognition of the basic truths contained in these phrases which has prevented rebellion and bloodshed in India and Burma. And it is unwillingness to recognize the basic truth of these policies which has again brought bloodshed to Indo-China.

The masterly policy pursued by Hubertus van Mook and Sutan Sjahrir promise peace, because it will be a peace beneficial to both their peoples, and a peace arrived at by mutual concessions, not through force of arms alone. It is a lesson taught by the human and economic debris piled up as a result of 18 months of strife and struggle. The price has been high.

But so, too, today are the promises for the future.

Methods of Halting Inflation Dept.

(Currency Circulation Section)

The Legislative Yuan decided at this morning's weekly meeting, by 44 votes out of a total of 70, to suspend the issuance of banknotes of CNC$10,000 or of any higher denomination....Chairman Low Tung-sur of the economic committee of the Legislative Yuan explained that the move was intended to stem inflation and to strengthen confidence in the administration.—*AFP, March* 11, 1947.

This explains why the Shanghai Municipal Government Finance Bureau still reckons its expenditures in dollars and *cents.*

Business Note

A RATHER grim business note was sounded by the Kailan Mining Administration recently when it issued its yearly report for 1946. Six and one-half million tons of coal were produced, but the company's profits were only £1,681 sterling—a ridiculous CNC$10 profit per ton when the sterling is converted into Chinese national currency at the Central Bank of China's present official buying rate. This "profit" apparently does not include any provision for a return on investment.

While no up-to-date estimate of the value of the company's holdings is available, assets include mining rights on 600,000 acres of land, ownership or control through leases of 8,000 acres and virtual ownership of the port of Chinwangtao and its installations. Obviously a return of less than US$7,000 constitutes a heavy loss to the company.

The report attributes KMA's difficulties to the high cost of production and the extremely low sale price fixed by the Government. While it is recognized that in these difficult times the Government should do all it can to hold the line on prices, especially on prices for basic commodities, it appears that the Government is more anxious to "hold the line" by slicing the profit margin to a point where a deficit is incurred when a private concern is involved, rather than when a government monopoly or bureaucratic capital firm is concerned.

This is borne out by the fact that many commodities, such as textiles, largely produced by government monopolies, are sold at extremely high prices. The Government even admits that its China Textiles Industries is a huge money maker. Meanwhile, the Kailan Mining Administration, Shanghai's public utilities, and other private firms, both Chinese and foreign owned, which are completely located in China and thus wholly at the mercy of the bureaucrats, are run on so slim a margin of profit that they are in the red most of the time on current operations, let alone from a long term view which envisages return on capital investment, amortization, etc.

Another interesting angle to the coal situation, is the fact that while the Government controls the price at the mines, most coal, except that which is specifically allotted to utilities and a few other large concerns, eventually ends up in the black market where the common people—the people who are supposed to benefit from the controlled price—pay a fortune for it.

While such conditions prevail, it is obvious that China will not receive much, if any, private foreign capital for her development. No foreigner possessing common sense will invest money in a country where he and his investment will be menaced by every whim of the bureaucrats. Likewise, Chinese with idle capital will continue to seek and no doubt eventually find ways and means of circumventing Government regulations against the export of capital from China.

Exception Noted

With the exception of the Chinese Communists and the Democratic League, all the democratic elements in China already are participating in the Government.—*Shun Pao, March* 12, 1947.

25 Years Ago In Millard's Review Of The Far East

April 1, 1922.

Shantung Restored

"As to the results of the Washington Conference, I put foremost, as it was certainly foremost in the hearts of the Chinese people, the restoration to China of the Province of Shantung in its entirety. The American people and the Senate rejected the treaty of Versailles for two or three fundamental reasons, and of these, one was that it legalized the alienation of a vital part of the Province of Shantung. But from the refusal to endorse that alienation of Chinese territory to the restoration of it to China was a long step, so long that few persons six months ago deemed it probable within the lifetime of the present generation."—Dr. Jacob Gould Schurman, American Minister to China.

* * *

China's Responsibilities

"The international agreement (at Washington) to respect China's territorial integrity has secured to that country the only opportunity which any race of people deserves, namely, the opportunity to achieve nationhood unhandicapped by foreign interference. The rest is China's responsibility. If she cannot now attain unity, modern political and industrial institutions, and the national power to command the respect of the world, she will deserve whatever fate the second generation hence may choose to mete out to her."—*World's Work.*

10 Years Ago In The China Weekly Review

March 27, 1937.

Press Rates Cut!

Beginning as from April 1 rates for press wires sent from China to countries in Europe and vice versa will be reduced by 25 percent, according to an agreement reached between the Ministry of Communications and the European countries concerned. The new rate will be 62 centimes per word as against the present 83 centimes. A similar reduction of 25 percent, it may be recalled, was enforced last December 1 for press messages between China and the United States.

* * *

Strategic Hainan

In extending a welcome to Sir Hughe Knatchbull-Hugessen, British Ambassador to China, practically all the Chinese newspapers in Canton devoted a large amount of space to editorials on Anglo-Chinese relations. They voiced the hope that the Ambassador's visit would further cement the friendship between the two countries. Special reference was made to the development of Hainan Island, which, they declared, affords great opportunities for Anglo-Chinese cooperation in South China. They stressed that such cooperation must be on the basis of equality and reciprocity. It was also pointed out that Great Britain needs this cooperation in view of Hongkong's strategic importance to the British Empire, as is indicated by its fortifications and the military maneuvers at present in progress.

An Exclusive Account Of

TAIWAN'S BLOOD BATH

As Detailed By Eyewitnesses

By JOHN W. POWELL

GOVERNOR-GENERAL Chen Yi, coupling trickery with a reign of terror probably not equalled in China in the history of the Kuomintang, has virtually suppressed the Taiwan rebellion. As a result of a year and a half of flagrant misrule, the Taiwanese, squeezed and oppressed far worse than when ruled by the Japanese, rose in defiance of the Chinese administration on February 28. Since then rioting and general civil disturbances have swept what once was the richest island in Asia and at the present time disturbances are still in progress in the countryside, especially in the more inaccessible mountainous areas.

Because of provincial censorship and poor communications the absolute and almost unbelievable repression enforced on a generally peaceful and unarmed populace has not become known, even in China. Another American correspondent and I managed to visit Taiwan on the first flight in a month to this island where the tides daily have been washing up mutilated bodies of Taiwanese youths butchered by Chinese gendarmes.

5,000 Put To Death

While it is impossible to ascertain just how many Taiwanese have been killed by Chen Yi's administration, a conservative estimate places the figure at 5,000, with thousands more imprisoned, many of whom reportedly are being executed from time to time.

Demonstrations began in Taipeh, capital of Taiwan, following nearly two weeks of extremely severe searches of shops and peddlers' stands by police attempting to enforce new economic regulations which virtually would have abolished private trade. While most business of any consequence has been in Government hands ever since V-J Day, Governor Chen Yi's latest regulations—*most of which are in direct violation of Central Government laws* — promulgated on February 14 reached down to the small shop and stall keeper classes. On February 27, special police of the Monopoly Bureau seized the cigarette tray of a 40-year-old woman and, when she protested, one policeman struck her with his gun butt, killing her. This was the proverbial last straw and the people in the street threatened the police. Running for safety, one policeman paused and fired into the crowd, killing one man.

The crowd then burned the Monopoly Bureau truck and car which the fleeing police abandoned. The following morning the entire city was aroused, mostly by word spread by gangs of unemployed agitators composed mainly of Taiwanese returned from the South Seas where they served as labor troops under the Japs. Two large processions, both unarmed, formed, one going to the Monopoly Bureau Headquarters where Government officials refused to see them. At this time the crowds' demands were merely for compensation for the relatives of the two dead and for punishment of the two policemen.

The second crowd gathered in front of the Tobacco Monopoly Building, arriving just in time to witness the destruction of several cigarette trays and stands confiscated from child hawkers. The crowd fell upon the police, beating two to death, and then sacked the building, throwing out and burning all monopoly goods they could find. This crowd then proceeded to Governor Chen Yi's office to present their petition. When they were within 150 yards of his office, troops drawn up at the building opened fire, killing four Taiwanese and wounding several.

It was at this point that the Taiwanese became ugly, with mobs surging through the streets of Taipeh, grabbing and beating all mainland Chinese they could find. Houses of many Chinese were sacked, with the contents piled into the streets and burned. No houses or other real estate were damaged or burned by the Taiwanese, who explained to observers that "these things have been taken from us by the Chinese mainlanders, but they still belong to us."

Dumdum Bullets Used

By March 1 rioting had broken out in most cities on the island, many of which were in Taiwanese hands. Communications had collapsed; most regular (Taiwanese) police left their posts. The Government attempted to counter the roving mobs in the streets of Taipeh by organizing flying squads of troops and Police Preservation Corps members who, armed with machineguns, toured the city in trucks, firing at all crowds. Examination of wounds and discovery of dropped ammunition disclosed that the troops had been issued dumdum bullets, which make horrible wounds that are usually fatal.

On the afternoon of March 1, some 20 students who had been stranded in Taipeh by the communications breakdown went to the railway station seeking transportation. They were arrested by police in the building. Some were later killed. At this point a crowd gathered outside the building and was machinegunned by one of the flying riot squads. Twenty-five were killed and about 150 wounded.

Following the railway station massacre—and because of the failure of troops to arrive from the south—Governor Chen Yi broadcast to the people, giving them their first contact with the Government after nearly three days of unsuccessful attempts to see him or other provincial officials. In this broadcast the Governor told the people that he would accept their demands for compensation and punishment. He urged them to become quiet, saying that the incident was now settled. However, rioting continued throughout

that day and the next in Taipeh and most other cities, virtually all of which were under the control of the Taiwanese, with mainland officials and troops holed up in fortified police stations and municipal buildings.

New Leaders Demand Reforms

On March 3 the character of the mobs changed noticeably, with the "gang" leadership disappearing and prominent Taiwanese coming forward to lead the people in pressing for political and economic reforms. On March 4 a citizens' committee was formed to present the people's demands to the Governor. On this day the people began to restore order themselves and in Taipeh, at least, all normal functions of the city were carried on until March 10. During this period several small committees formed for the redress of grievances amalgamated into The Committee For The Settlement of the February 28 Incident.

Among the demands of the Committee were that Taiwan be made a proper province of China with a regular provincial administration instead of the present special governor-generalship; that the guarantees to the people contained in the newly-enacted Chinese constitution be put into effect in Taiwan at the same time (December 25, 1947) as in the rest of China, instead of two years later, as earlier announced by Chen Yi; and that the Monopoly and Trading Bureaus, which have been impoverishing the people, be abolished.

With practically all of Taiwan under the control of the people, Chen Yi accepted the Committee's demands and asked that an executive committee be formed to negotiate with him. A truce was arranged until March 10, when negotiations were to get under way. By March 10, troops from the mainland had arrived, the executive committee had been arrested—some of them have now been shot—and the reign of terror was on.

Prior to the arrival of the troops, which Governor Chen Yi had sent for on March 1—on the same day that he was accepting the people's demands and assuring them that they should consider the incident settled—the uprising became much more political in nature, with the issuance of a proclamation containing 32 demands, which if accepted virtually would have assured near independence for the island. It demanded the removal of all mainland troops, to be replaced by Taiwanese, the popular election of all officials, from magistrates and town councils up to and including the governorship. Chen Yi failed to answer this petition and on March 8 the troops began to arrive. Gendarmes came from Foochow, while troops originally concentrated at Shanghai for shipment to Japan for occupation duty, came down on China Merchants' ships and Government LSTs.

Taipeh Suffers Blood Bath

Landing late in the afternoon at Keelung, harbor for Taipeh and about 25 miles distant, they soon had the city under control. By 10:30 that night they reached Taipeh and began shooting up the town. From the night of March 8 through March 13 the city experienced a blood bath reminiscent of the days of the warlords, with troops shooting Taiwanese on sight. Truckloads of soldiers armed with machineguns and automatic rifles sped through the streets firing at any person found on the street and into shops and houses.

During this period some of the most unimaginable atrocities were perpetrated by the troops. In interviews with about 10 foreigners who were in Taipeh and other cities during this period I was able to collect many eyewitness stories of incidents and innumerable accounts of other atrocities seen by foreigners. Government officials, of course, deny all such stories, Taiwanese are afraid to talk to foreign reporters since many Taiwanese previously friendly with foreigners have disappeared, while others in the habit of seeing and talking to foreigners frequently have been warned by the military not to tell them anything they have seen. Many foreigners have also been threatened, while several have left or are leaving Taiwan for fear of their safety.

20 Students Butchered

Among the eyewitness accounts I was able to collect from reliable foreign observers one of the most horrible was that of the killing of 20 youths in a village between Taipeh and Keelung. They were castrated, their ears were cut off, and their noses slit before they were bayoneted. Their bodies were thrown in a creek where they remained for several days. Almost every day more bodies are found; some are washed up by the tide, some float up in the river—I personally saw three which came to the surface as late as March 21—while others are discovered in rubbish heaps and shallow graves.

One foreigner saw gendarmes stop a boy riding a bicycle who apparently angered them because he didn't get off and get his hands up quickly enough. They made him hold his hands out and then slashed them with a bayonet before running him through. Another foreign observer in Taipeh watched troops searching houses wantonly shoot whoever opened the door of five different houses. Many foreigners were willing to give eyewitness accounts of wholesale machinegunning of crowds and individuals by truckloads of troops speeding through town.

Looting became the order of the day and innumerable people were killed or wounded in nightly searches which were still being carried out after I arrived. Stories of looting, torture and killing were not confined to Taipeh. Foreigners returning from other cities on the island report similar instances. In Takao, at the southern end of the island, one foreigner told of thousands of people hauled off to prison with their hands bound with wire, twisted in the middle so that it cut through the flesh on their wrists. One foreigner told me that he was in a police station occupied by troops when the troops began firing out the windows. He asked the commander what was happening and was told that communists were attacking. Looking into the street the foreigner saw only one person—a young girl lying on the pavement. He carried her to a hospital.

"Mere Local Incident"

When interviewed about these events Governor Chen Yi deprecated the whole affair, saying that it was really quite insignificant, being a local

incident caused by bad elements. He said it would never have become at all serious if he had just had troops on hand. He also blamed the communists, saying that there had always been communists on Taiwan but that the Japanese had kept them in jail. Following Chinese occupation they were released and had begun fomenting trouble. He also said communists had come from the mainland.

All foreigners I talked with stated emphatically that there were no signs of any communist activity and that they did not believe there were any communists to speak of on the island, saying that what few there were, came with Government troops or were mainland members of Chen Yi's administration. One exception to this was the story I heard several times of Miss Hsieh Hsuen-hung, said to be a Taiwan woman communist who, it is reported, has retired to the hills near Taichung with a guerrilla band. However, the only person who swore that they knew this to be a fact was Governor Chen Yi. Foreigners who had heard of her thought it more likely that she was simply a Taiwanese patriot.

From what observations I was able to make, both in Taipeh and elsewhere on the island, the only wonder is that the uprisings didn't come sooner. From personal observation and from interviews with provincial officials and responsible foreigners, the only picture one can draw is one of complete misrule politically, of the basest economic exploitation and of general disintegration.

Disintegration, Not Rehabilitation

Given another year under the present administration the island will be just like other military ridden, corrupt provinces of China and what improvements and developments were left by the Japanese will be gone. Using the excuse of Allied bombings, officials talk endlessly about rehabilitating factories, while they actually knowingly do things to speed up their disintegration.

There are five cement plants in Taiwan which were operating at the end of the war. American technicians sent out by Kaiser inspected them and said that they were capable of supplying virtually all of the cement required for all the reconstruction projects planned in China, in addition to taking care of the island's needs. However, the authorities found it more profitable from an immediate point of view to sell the island's coal in Shanghai and Hongkong where they can obtain Chinese National Currency which is negotiable for imported luxuries or foreign currency speculation.

Funds allocated for the development of the sugar industry were spent mostly on rehabilitating the sugar railroads and doing some refinery repair work. However, the administration refused to offer the farmers enough for their cane, so practically none is being grown. The authorities, nevertheless, seem quite content because they use the railways to haul passengers and make them show an immediate profit with no great administrative problems or headaches.

In addition to failing to restore damaged industry and in addition to ruining most of the industries which were left in running order by the Japanese, Governor Chen Yi and his henchmen have imposed a government rotten with corruption, nepotism and all the other traditional ills of Chinese provinces upon a reasonably enlightened people who are used to standards of living vastly higher than their mainland cousins. In a year and a half, the only living standards raised are those of the officials who, arriving threadbare from the mainland, have grown fat in office. Meanwhile, the Taiwanese grow poorer by the day.

Hatred Of Regime Intense

As a result of complete misgovernment, plus the imposition of ever tightening economic regulations which make the earning of a living for the average Taiwanese more and more difficult, a deep hatred has arisen for the government. This is amply proved by the manner in which the riots spread from Taipeh to other cities, especially in view of the fact that at no time during the disturbances were any of the people, except those in the extreme southern part of the island, armed. There is no record of a single Taiwanese in either Taipeh or Keelung—the cities first affected and the ones dealt with most harshly—having been armed at any time.

In the south, where most of the heavy industry was located and where there is a large student population, the populace does have a fair amount of Japanese arms and ammunition and it is reported that various underground leaders in this area have been planning a revolution for some time. However, it is thought that it would not have come off for maybe a few years yet and that those planning it were not ready to take advantage of the island-wide riots. Three thousand would-be revolutionists are reported to have fled to the hills inhabitated by the aborigines and it is expected that they will continue to give the government trouble indefinitely, although their revolution is probably squashed for the time being.

Observers long conversant with Taiwanese affairs believe that the aborigines will give aid and comfort to the revolutionaries so that the Government from now on will have to station troops in the south. Since the Chinese assumption of control of Taiwan there has been constant trouble between the aborigines and the military. The Japanese, who gave up their attempts to conquer them after the last uprising in 1935, had made considerable progress in pacifying them by leaving them alone in the hills and by letting them come down to trade freely.

Historical Claim Disputed

With the situation what it is in China today there is little hope that anything constructive can be done here in time to save the island, economically or politically, for China. The Taiwanese point out that China really has no more of a historical claim to the island than the Japanese, Dutch, Portuguese or various other traders who in the past maintained trading stations along the coast. They have had 18 months of the Chinese and they do not want any more. They want a United Nations mandate and, apparently, if they fail to get it—they say—their future history will be replete with similar uprisings against their mainland rulers.

Liu Wen-hui, The Opium-Vending Governor Of Sikang Province

By C. Y. W. MENG

(EDITOR'S NOTE:—This is the second of a series of articles on provincial administrations in China. The third discussing Ninghsia and Chinghai will be published in the next issue of The Review.)

ALTHOUGH General Liu Wen-hui was appointed as the Governor of Sikang only in 1938, he had been in this province ever since 1926, when he met his defeat at the hands of his uncle, the late General Liu Hsiang, then Governor of Szechuen. (According to some observers, there have been no less than "700 civil wars" in Szechuen among the warlords since the founding of the Chinese Republic and up to the outbreak of the Sino-Japanese war.) The National Government decided to convert the Special Border District in Szechuen into a province in 1928. But it took 10 years to realize this plan. In 1938, this new province was formally instituted with General Liu Wen-hui as its first governor.

In the past, Sikang was virtually a hermit-like, mysterious land. However, the outbreak of the large-scale "People's Rebellion" recently, when some 5,000 armed civilians massed only a few miles east of Yaan and made ready to march on Sichang, capital city of Sikang, has exposed the whole maladministration and corruption in the province under General Liu Wen-hui. The story is too long to be related in full here. In short, it is an "Opium War" in Sikang.

On the one hand, this medieval feudal and warlordish governor takes every measure to encourage the people to cultivate more opium, and, on the other, takes high-handed action to prevent people other than his own men from handling the opium trade under the high-sounding doctrine of "opium suppression." Hence, one of the slogans of the rebels is: "General Liu Wen-hui forces us to plant more opium, and yet he takes a large portion of opium from us through taxation and, further, he wants to kill us under the pretext of 'suppression of opium'".

Monopoly Created

Before General Liu Wen-hui's arrival in Sikang, there, of course, already was opium planting and trade, but that was a business open to all. Since 1928, however, the opium trade has become a virtual monopoly of General Liu Wen-hui and his family, officers and followers. His men alone can buy and collect opium from the cultivators, transport opium to any destination in military trucks, and sell opium at huge profit to the people of the neighboring provinces, principally Szechuen, Yunnan and Kweichow. The area under poppy cultivation has been extended year by year until by 1944, not only the remote corners of the province, but much fertile land in such rich hsien as Yaan, Yinching, Hanyuan, Tienchun, Lushan and Paohsing has gone over to opium production. The greed for gain—from opium—is also growing among Liu's men.

The many measures designed to promote the opium plantation may be summed up as follows: Should the owner of a farm fail to cultivate opium in the designated area, he is liable to payment of a "Laziness Tax," amounting to 100 percent of the taxable sum. When the owner plants poppies, he has to pay a "Seeding Tax" and when the poppies begin to bloom, he has to pay another "Free-from-Suppression Tax," which make up a total of about 10 percent of the total value of the opium he will produce. When the opium is harvested, the owner must present from 30 to 60 percent of his crop as "Public Opium" to General Liu Wen-hui. Thus, after the payment of taxes and the contribution to the Governor, what is left to an opium cultivator is only 30 percent of the opium he produces.

8,100,000 Ozs. In 7 Years

The tax rate for "Public Opium" which, in other words, is "Opium for General Liu Wen-hui," was at first only 20 percent of the amount of opium produced. But this was quickly increased to the present rate of approximately 50 percent. According to one statistical compilation, "Public Opium" for General Liu Wen-hui amounted to 500 tan (1,000 ounces to one tan) in 1939, 700 tan in 1940, 1,000 tan in 1941, 1,500 tan in 1942, 1,500 tan in 1943, 1,500 tan in 1944, and 1,400 tan in 1945, thus making a total of 8,100 tan, or 8,100,000 ounces of opium in less than seven years. Calculated at the average prevailing price of opium in these years, this adds up to no less than CNC$400,000,000,000!

It will be noted in the foregoing that the amount of opium for General Liu Wen-hui in 1945 was decreased by 100 tan. The reason was that in 1944, he was summoned to Chungking and he was reported to have received a sharp rebuke from President Chiang Kai-shek over his opium policy in his province. So for a time, the area for opium cultivation fell off slightly. But after joining hands with the Political Science Clique, Liu felt his position to be reasonably secure and his opium policy was resumed and is again in full swing.

Shortage Caused

Still that is not the whole story. Besides the "Public Opium" for General Liu Wen-hui, there is another kind of "Opium for Public Purchase" for the General's wife and concubines, his sons, daughters, nephews and nieces, his military officers—from division commander down to private of the 24th Division—and his employees. When the contributions of "Public Opium" and "Opium for Public Purchase" are added up, they not only exhaust the opium cultivator, but cause a shortage of opium—some 20 percent—which the opium cultivator has to meet in one way or the other. Some observers pointed out that if one must pay five ounces of opium, he has to prepare at least six or seven ounces, as there are bound to be other "miscellaneous levies."

Land Changes Hands

For this reason, it is not infrequent that the opium cultivators, mostly poor farmers, have to sell their farms, houses and cows, and even sons and daughters, in order to make the payment. And for the same reason, it also explains why two-thirds of the land in Sikang Province has changed ownership in recent years, and has passed into the hands of General Liu Wen-hui's family and his men. General Liu Wen-hui is now so rich that there is no way to calculate his wealth. It is an open secret that every one of General Liu Wen-hui's many subordinates, even to captains in his army and clerks in the Sikang Provincial Government, possesses concubines, owns modern style buildings in Chengtu, and leads the most luxurious of lives. Every government official in Sikang is rich, and his property may be one of three different colors—yellow (gold), white (silver) and black (opium).

How General Liu Wen-hui's men buy and collect opium from the people is another fascinating story which explains not only the present "People's Rebellion" in Sikang, but furnishes us with inside data as to the source from which these rebels, mostly natives and aborigines, got their arms.

Rifles Bought With Opium

First of all, these opium cultivators in Sikang are both Chinese natives and Lolos. These people neither know nor like bundles of banknotes, be they Sikang Provincial Bank or Central Bank of China issues. What they prize most are rifles, furs and silver. The usual procedure is to buy and collect infantry rifles, pistols and other ammunition, principally in Chengtu, and exchange them for opium with the native cultivators in Sikang. Ordinarily, a rifle worth from CNC$120,000 to CNC$130,000 in Chengtu is exchanged for 100 ounces of opium in Sikang. But when these 100 ounces of opium are sold in Chengtu, the vendor nets from CNC$400,000 to CNC$500,000. What a profitable business it is!

But on the other hand, the tragedy is that in a couple of years, no less than 300,000 infantry rifles and some 10,000,000 rounds of ammunition have fallen into the hands of the Sikang natives and Lolos. Today, with these weapons, these "rebels" are staging their rebellion, are marching to Sichang, and are demanding the dismissal and punishment of General Liu Wen-hui.

The recent "People's Rebellion" is not the first of its kind in Sikang. As pointed out by observers, during the last 20 years, "we have had people's rebellions in Sikang every year." The Sikang people complained and addressed their grievances to the Central Government, once, twice, thrice and times beyond number, but their protests were never heeded. Sikang was practically a "Forgotten Land." For this reason, the people of Sikang not only hate General Liu

Executive Headquarters Personnel Given Warm Sendoff At Tientsin

By S. E. SHIFRIN

(Special Correspondent, The China Weekly Review)

Tientsin, March 16, (Delayed).

THE second train to leave Peiping this month, carrying American members of the Peiping Executive Headquarters headed for home, arrived here today at 12 noon. A farewell committee was duly on the platform to see them off. There were representatives of various bureaus of the local municipal administration, labor union representatives, girl guides and boy scouts, Chinese reporters of the local press. The common people were absent from the platform but gazing through the windows giving out on the station platform. Unexpectedly the Mayor of Tientsin arrived to wish the Americans God-speed, but no high ranking Marine Corps officers or consular representatives were on hand.

A farewell speech was read to which the senior colonel aboard the train made a suitable reply, and then with "Farewell and Bon Voyage to American members of the Executive Headquarters" posters in the background, an embroidered banner was presented to the departing Americans and accepted on their behalf by the colonel. The Chinese inscription read "Kindness to others is the foundation of happiness" (助人為快樂之本). A bouquet of roses was presented to the colonel's lady, who is said to have expressed her regret at leaving China, where she had a nice home in Peiping, and hoped to be able to come back some day.

Chinese Music—And Jazz

While Chinese music, and jazz tunes broadcast over local Marine station XONE was piped over the station loudspeakers, flashbulbs popped as Army and Marine cameramen had a field day. Whether or not there was a security ban on leaving the train, as there was for a train with enlisted men which passed ungreeted through the East Station last Thursday, I saw at least one colonel and a couple of captains briefly out on the platform. Marine Corps sentries belonging to the train guard were drawn up along both sides of the track.

During one of the exchanges of chit-chat between a member of the farewell committee and one of the departing Army personnel, your correspondent distinctly heard one of those present whisper into the ear of a nearby friend "Propaganda." but would object to going on record with the identity of the whisperer. One even heard wisps of idle gossip that in the preliminaries there was a minority objection to the reading of the English translation of the farewell address but the final decision upheld the original arrangements.

All through the train stop a middle-aged Chinese in black-rimmed glasses with a folded banner which said he represented the Fishermen's Union stood silently by watching it all. A couple of Americans were underlining the, to them, supreme irony of Marine guards on an Army train. Unless something happens to the plates, readers of *Life* magazine will see scenes of the train and its passengers in the pages of that magazine.

"All Aboard!"

During the proceedings there were a few Chinese policemen and gendarmes on the platform. A young Chinese gendarme, very stern and resolute, paced the platform keeping both eyes on those around and hand on the butt of his pistol. There was no incident of any kind. A roly-poly lieutenant-colonel, who probably enjoyed Chinese cuisine, walked along the train shouting "All aboard." The train was ready to go on to its destination—Tangku, —where those aboard would embark on the transport awaiting them at Taku Bar.

The Municipal Police brass band played "Auld Lang Syne" as the special train carrying 270 American members of the Executive Headquarters—officers, enlisted men, Army dependents, civilian employees and assorted correspondents—pulled out of the East Station, Tientsin, at 1 p.m. A couple of planes winged overhead and Army officers stood at attention on wagon steps, saluting.

Then the train was gone—pulled into history, and those aboard were going their several ways and destinations. The smart Chinese boy scouts and girl guides with their blue banners trooped out following representatives of other organizations. When last seen the "Bon Voyage" posters were being carried by two redcaps near the exit. Their final fate is unknown.

Temple Of 1,000 Colonels

Six months ago, your correspondent, writing about Executive Headquarters, said there was a possibility of the three rings—symbol of the three branches of the Headquarters —rusting away. And after the American ring was taken away in January the other two came apart automatically.

The last batch of Peiping Executive Headquarters personnel headed for the States or elsewhere will leave Peiping early in April. This will be the actual end of an adventure-in-peace that failed, and the Temple of the One Thousand Sleeping Colonels will be no more. Marine Corps officers will no longer develop an inferiority complex on going to Peiping and meeting all the eagle-bedecked colonels.

It is all in the past, and the auditor of America's goodwill balance in this country might get a jolt when he totals up the debit and credit of the "Peiping Executive Headquarters, American branch" account. As hams, pompous after-dinner speakers and defeated politicians like to say—"Posterity will judge ....," but writers of books and magazine articles are likely to take first crack at it.

Wen-hui, but they are also highly dissatisfied with the Central Government. For this reason, too, the people have revolted, failed, then revolted again.

Liu's Dismissal Demanded

This time, the Sikang people have made it sufficiently clear that "If the Central Government does not dismiss General Liu Wen-hui as governor, the people will drive him out by force." In a petition to General Chang Chun, Director of President Chiang Kai-shek's Headquarters in Chungking, the Sikang residents in Szechuen warned the Central Government "not to leave millions of the Sikang people in deep water for the love of a single Liu Wen-hui."

The many demands of the Sikang people may be summed up as follows: Immediate dismissal and punishment by public trial of Liu Wen-hui; reorganization of the Sikang Provincial Government to eliminate official corruption; transfer elsewhere of the 24th Division, which has committed all kinds of misdeeds against the people, and prohibition of opium planting and smoking in Sikang.

At present, a "Movement for the Reform of the Political Administration in Sikang" is under way in the province. In a circular issued in Chengtu, the promoters of this movement have made it clear that the purpose of the movement is only to free the people from dark and tyrannical rule, and that it is not a secession movement, nor a struggle among political parties. They urge the Central Government to send high officials to Sikang to investigate the conditions obtaining in the province and, furthermore, promise that "on the very day these high officials of the Central Government arrive at Sikang, the Committee on the Movement for the Reform of the Political Administration in Sikang will order the people to disarm themselves and go back to their farms."

Bulwark Of West?

The Sikang People's Self-Defense Army is now commanded by 42-year-old Cheng Tze-we. Although a graduate of the training institute under the ill-famed 24th Division, he is a public-spirited man. He declared that it was to release the people from suffering and oppression that he started the great movement for liberation in March 1945. He failed then, but now has started again. Although he has only some 9,000 men under his command, the significance is that he has already gained large numbers of adherents.

Thus, it is clear why this "Baby Province," which should shoulder the heavy responsibility of forming a bulwark to defend the nation's west, but has failed to serve even as a link between China Proper and Tibet, has failed so tragically and completely under General Liu Wen-hui.

THE FALL OF YENAN

How The Communists Took It

By ANNA LOUISE STRONG

HOW did the Chinese Communists take the fall of Yenan? Where will they go? What will they do? Nobody can give final answer to these questions, which depends not only on the Communists but on the pressures of war. A partial answer can be given, I think, by the many discussions I heard in Yenan from November to February, when the Chinese Communist leaders were awaiting the attack by Hu Tsung-nan.

The Communists expected Hu Tsung-nan last November. From his troop movements and air reconnaissance they judged he would arrive about November 20. That he did not do so they considered due to the victories of Chen Keng, the Communist general who took five counties in western Shansi, outflanking Hu's projected drive. So Hu delayed to clean up the Malan salient, thus strengthening his other flank. Meanwhile, the Communists waited, watching for him to come.

It is an open secret that Hu Tsung-nan could have marched into Yenan last November. Whether he could so easily get out is another matter, is a question still. But contrary to Nanking rumors, the Shankan-ning Border Region has never had many troops. For one thing, it can't feed them, being an arid land. When the Chinese Red Army first came there in 1935, its 40,000 men could not get enough food; they went foraging into Shansi next year. The Jap war gave the Communists a chance to expand by fighting Japs. They spread mightily into the food-producing lands of North China and Manchuria.

Choice Of Large Areas

The Communists today have several big areas in North China and Manchuria, any one of which is from five to 20 times as big and strong as the Yenan Border Region. My pick would be the Four-Province Area, astride the Pinghan Line and north of the Lunghai where an industrious population of 30,000,000—some 20 times that of the Yenan area—produces plenty of food, cotton, coal and everything that Yenan has not . . . I do not, however, predict that Mao Tse-tung will go there. For the present I think he will stay not far from Yenan. I only call attention to the fact that the Communists have at least a hundred cities more comfortable than the Yenan caves that would welcome Mao Tse-tung.

Yenan, in a way, has served its function. For 12 years it served the Communists as an experimental station in which they could try out their social theories under the hardest possible test conditions. Anything that worked in this arid backward region would work anywhere. By careful planning, by trial and error, they made the pattern that has now spread across North China and Manchuria.

The Communists did a good job on the Yenan Border Region. By land reform, production drives and cutting taxes—which were 45 percent of the crop previously and sank to less than 10 percent—they doubled the cultivated area and also doubled the crop. It was endless war against the desert. The only way they could feed even a small army without unduly burdening the population was to make the army raise most of its food on a reclamation job at Nanniwan. Yenan's only virtue as a Communist headquarters was that it was too far away and too poor to attract conquest. Or so they supposed.

Eyed North Kiangsu

In recent years the Communists have often discussed moving their Central Committee from Yenan. They never much liked the place. In those dear, dead days beyond recall when the Communists really thought the People's Consultative Conference was going to produce a coalition government, they were all set to leave Yenan. They thought North Kiangsu—right across river from Nanking—was a good residential district from which their Central Committee might easily commute to do its share in government. How naive, how almost pitiful it seems!

Personally I prefer Yenan's dry climate. I wouldn't live in those North Kiangsu ricefields if you gave me the place. But Yenan Communists didn't agree with me. When I complimented Mao Tse-tung on the fine climate of the place he had picked, he replied drily:

"We didn't pick it." Lesser Communists told me I liked the climate because I could ride around in a Jeep, but if I had to trot up and down those rough paths and wade the Yen River barefoot to go anywhere, I'd want warmer water to wade.

I give these details to show that there is nothing much to take in Yenan. No food, no loot! Nothing that a general who can live in Nanking or even in Sian might desire. Nor has the site strategic value, nor does it establish "communication." The only thing an army could go to Yenan for was to kill Communists. The Communists sat and waited for Chiang to make this objective plain.

"Somewhere In The Hills"

The real evacuation of Yenan began some years ago. Sections of the Central Committee went long since to each of the half-dozen Communist Areas to handle political policy there. Each area has its military headquarters to handle defense. The university, the medical school, the art school went long since to better fed regions, leaving skeleton schools in Yenan for the local folk. Yenan however remained important as the residence of a small number of the very top Communists: Mao Tse-tung, Chu Teh, the research work of the Central Committee, the official radio and newspaper, the military headquarters that correlates at long range the semi-autonomous fronts.

All of this Yenan, of course, is still functioning. Somewhere in the hills Chu Teh still gets his radio messages, consults his maps and sends as many orders as he ever did —they were never many—to the fronts. Mao Tse-tung still meets with the top members of the Central Committee. Yenan radio still speaks from the hills. These leaders are glad that they can move in spring instead of November; they will not suffer from cold.

Real Fight Just Begun?

Where will they go?

One must distinguish between the two organizations that were in Yenan. There was the civil government of the Shankanning Border Region. It will stay in the Border Region, of course. Besides this there is the small organization of the top Communists. They may or may not stay in the Shankanning Border Region. For the present I think they will. I think they have several jobs they intend to finish there: I think the real fight for Yenan has just begun. But if they leave, they can travel 1,000 miles north or 1,000 miles east by any one of several routes, without running into a Kuomintang soldier or official.

Last November they evacuated all vulnerable parts of Yenan. The women, children and civilian institutions moved into deeper hills. There was something of a wrench at the time. Lu Ting-yi said with some asperity to a correspondent: "What was this Yenan? Ten years ago it was opium, hunger, syphilis, beggars, bandits. We have made a place where no one steals and no one starves. And now we must leave it. Three thousand small children and babies were evacuated this week. Many of them will die. They must travel at night to escape the airplanes, and nights in the hills are cold." His own wife and child had left the night before!

Leaders Move Away

Meanwhile the top Communists moved miles away into valleys to avoid the coming air raids. They came into Yenan for interviews and for Saturday night dances, which were smaller because of the shortage of women. Yet the evacuation was no mere flight; it was not even unemployment. People went away to new work. The International Peace Hospital took medical care to a hitherto neglected region. The Experimental farm established two new branches further in the hills. A

hundred "cultural workers" went to teach "winter schools" in remote villages. A hundred and twenty of the "party cadres" went to organize land reform. The organizing life of Yenan did not stop; it scattered. It scattered according to plan.

Meanwhile in Yenan itself they discussed the coming invasion and possible total abandonment of the city. There was not much emotion in the discussion; that stopped when the families left. People took it jauntily now....And since Chinese Communists are not in the least "totalitarian" one heard a lot of different views.

"It's time this place got into the war," said one of the younger men. "Our other areas grew by fighting Japs but this place hasn't had a real war for 10 years....Getting too stodgy. Too much like a university." He ignored the Jap bombing that had leveled the walled city of Yenan to the ground.

The peasant militia talked of the rifles they expected to capture from Hu Tsung-nan. (I think they expect this still.) In all the other Communist areas the peasant militia have rifles, taken from the Japs or the Nationalist troops. In the backward Yenan region they have only spears with red tassels. They expect modern arms from General Hu. Even the experienced Communists joked: "We shall make a good trade with him. We shall leave him tables and chairs and get from him munitions."

Prestige Only Gain

Strategists like Peng Teh-hwai said "If Chiang takes Yenan it begins his downfall. He wastes men and effort on a place that yields nothing, neither food, wealth nor strategic value, but only prestige. If he needs prestige as badly as that, he is nearly finished."

The Communist strategists, of course, have plans for what may happen to Hu Tsung-nan in Yenan. I do not know if their plans will work. But I know they prefer their battles in the very middle of their areas, where they trust the population and terrain. I know they think Hu's troops are much more vulnerable in Yenan than if they were 60 miles away at the border. I know they think Hu Tsung-nan will walk into their parlor much more easily than he will be able to eat there or to walk out again.

I know the peasants buried their grain months ago, lest the nationalists find it. These peasants expected to take to the hills. I saw how the grain was buried. In part they made a game of it, one village trying to find the grain of the other. Anyone whose grain was found, lost face. But it was a grim thing also. In one village they told me how each family went separately at night to hide grain, "so that if anyone is caught by the Kuomintang and tortured he can't tell much."

Experience Recalled

This village had experience in grain-hiding. Twelve years ago, before Mao Tse-tung came with the Red Army, they fled from the Kuomintang armies. "They called us Communists and came to kill us. We hid our grain and went to the woods. Some babies died in the winter but they did not find our grain. So we planted again and lived."

"How long were you hiding out?"

"A year and a half. This time it will not be so long. This time we have an army."

I asked the Communists if the peasants would not be made to suffer for having supported the Communists for 12 years.

"If they catch them they will suffer. But this region is not like the south where people are thickly settled and easily grabbed. Here the hills are wild and the population scanty. If a peasant lights out over the hills, it will take a company of Hu's men to catch him"....Having tried to walk up a few of the easier hills, I think what he said is true.

But why, if the Communists knew for four months that Hu Tsung-nan was coming, couldn't they collect an army for defense? The answer may be clearer when we learn where their army is. They have a strategy of their own in which cities are not useful. Chiang considers cities important; he counts his gains by the number of cities taken. The Communists think of cities as traps, since

Death Of A Pair Of Brothers In Civil War Mourned

By LIANG CHIU-SHUI

BY this poem I want to inform the world of one item of inhuman cruelty created by the civil war. Last year I read in a certain paper published in Tientsin the story of two brothers of a certain village who were forcibly conscripted for military service, one by the Kuomintang and one by the communists. In an engagement the brothers faced each other on opposing fronts. Each was killed by the other's rifle. Not until now have I been able to write a poem recounting this tragedy.

* * *

As a result of the civil strife started by its eight princes,
The descent of the throne of the Chin Dynasty was almost interrupted.
Following the *coup d'etat* that took place inside the Hsuan Wu Gate,
Royal blood was shed in a tragic instance of fratricide.
I mourn that such internecine atrocities should have come about,
In ancient history and in modern ages alike.
But in all cases it was invariably the extremists on both sides,
Who were eventually to succumb to extermination, the one and the other.
There was a pair of good brothers in a certain village,
The elder was kind while the younger showed a sense of reverence.
The two worked on the farm with amicably cooperative spirit.
And they lived together in happiness and joy.
Woe the evil omen in which the violet tree in the yard
Suddenly collapsed from the blow of a strong wind.
This set the whole village into secret consternation,
Alarmed at the withering of flowers and the decay of branches.
Then at midnight came officials to search and arrest,
Under the pretext of orders proclaiming military conscription.
The elder was forced to join the Northerners and the younger the Southerners,
And the two parted from their loving ones with tears in their eyes.
Kneeling solemnly in front of their old parents to beg leave,
The affectionate feeling became all the more heartbreaking.
Wiping their tears with their sleeves and looking at their pet little ones,
The tragic scene deprived them of their conscience of existence.
Abandoning their home and following the officials they started on their journey,
Quartering in the open air and taking snow to stuff their hungry stomachs.
By various trails and railways they at last arrived at the battlefield,
Where they knew resignedly that their fate was doomed.
Then they began their slavish services in military camps,
Where soldiers responded to trumpet calls to arrange themselves in line.
The brothers would have found difficulties in recognizing each other,
If they had met by chance on a remote cross-road.
Now it was amid the climax of horrible bloodshed,
When bullets did not have eyes to discriminate their victims.
It happened that the elder brother shot the younger through the stomach,
While the younger hit and tore the head of the elder.
Both fell instantly amid the confusion of the battlefield.
Still with warm hearts beating inside the dead bodies.
Oh, my Gracious God, who should be held responsible
For such horrible, merciless and heart-rending fratricide?
While the storm in the tea-cup is raging and showing no sign of abatement,
The masses of the people are made to suffer incredible privations.
This is tantamount to leading troops of beasts to eat human beings,
Whereupon the world would end with the disappearance of humanity.

they are easily located and bombed. They prefer a headquarters in the hills.

Hands No Longer Tied

But had Yenan no prestige that they so lightly left it?

Certainly it had prestige, but prestige is a knife that cuts both ways.

Doubtless the Communists have lost prestige in America, but perhaps they had no pull in America anyway that was doing them any good. Possibly they have caused some loss of morale to the Democratic League. But Democratic Leaguers are pretty hardy people; if they aren't, they'd better be. As for Communist armies in Shantung, on the Lunghai and in Manchuria, one doubts if they will fight any worse for the loss of Yenan.

The Communists may get one psychological gain from the fall of Yenan that might rate as a king of "prestige." They often said: "If Chiang takes Yenan, nobody can blame us for any attacks we may then make on Chiang's territory. Our hands will be free."

In the war of propaganda hardly anyone has noticed that so far the Communists have not once attacked any territory that was clearly Chiang's. They attacked the lands of puppets, whom Chiang had promoted to be his representatives. They attacked places that Chiang took from them and took them back. In fighting out of the Central Plains encirclement they entered new regions south of Sian. But they have not attacked any lands where the Kuomintang normally ruled. They respected the territorial lines drawn in the 1945 conference between Mao Tse-tung and Chiang Kai-shek, though Chiang did not.

War Now Delocalized

Why? Not, I think from any abstract principles of morality but because there is really a "prestige" that the Communists respect. It is their prestige with the Chinese peasants who hate war. The Communists think—I gather—that the peasants will not lose faith in the Communists for losing Yenan as much as they will lose faith in Chiang for taking it.

The taking of Yenan therefore does not end the civil war but delocalizes it, spreading it perhaps to hitherto untouched areas and possibly in new forms.

When I discussed with Mao Tse-tung the possible loss of Yenan, he said—and his, of course, are the responsible Communist words: "If you ask whether it is better to keep the city or to lose it, of course it is better to keep it. But if we lose it, we are still all right. A peasant war for livelihood and independence is not decided by the gain or loss of a city, but by finding the solution of the agrarian problem."

It is spring in the hills beyond Yenan. Wherever Mao Tse-tung is in those hills I know he is giving major attention just now to finishing the land reform before the spring sowing, and to the drive for production on the farms.

War In Honan Causes Farmers Colossal Food, Forage Losses

By MARK M. LU

(Special Correspondent, The China Weekly Review)

Kaifeng, Mar. 9.

MORE than 16 hsien in eastern Honan have suffered heavy losses owing to the fighting which has taken place in that province during the past several weeks. From January, 1946, until the end of February, 1947, the cost to the Minchuan people alone of supplying the military with foodstuffs was estimated at CNC$324,487,533, while the cost of supplying fuel and forage to both Government and Communist troops is said to have been approximately CNC$3,713,315,640. The total cost is estimated at the stupendous figure of CNC$23,067,371,580.

Acting on an order from the Honan Provincial Government, the Bureau of Social Welfare sent officers supplied with CNC$50,000,000 to relieve the people of Minchuan. It is learned that the Bureau of Social Welfare will appeal to the Central Government to allot more funds to aid all the people affected by war.

When the war broke out in eastern Honan in early February, a huge number of war refugees, including government officials, school teachers, students and ordinary people, evacuated to Kaifeng city. Now that the fighting has moved away, most of these people have returned home.

In the middle of February, when the Communists launched their sudden attack against Yima and Tiehmen railway stations in the western section of the Lunghai Railway, and against several towns and villages in the vicinity of Mienchih and Sinan in western Honan, more than 10,000 refugees escaped to Loyang and Mengtsin. It is learned that some of these refugees now have also returned to their home towns. Recently the main forces of the Communists withdrew southward towards the Funiu Mountains, and northward to Tsiyuen and Yuanchu, on the Honan-Shensi border, by crossing the Yellow River.

With Government troops withdrawing from Taming, Chingfeng and Nanlo in south Hopei, and Lingchang and Neihuang in north Honan, more than 80,000 refugees were massing at Anyang, on the Honan-Hopei border, waiting for urgent relief. Upon receiving this report, General Liu Mao-En, governor of the province, instructed the Bureau of Social Welfare to send officers with CNC$480,000 to carry out relief.

It will be recalled that more than 10,000 Communists launched a sudden attack against the hsien city of Neihuang in the middle of February, and the Government troops broke the siege and withdrew from the city, Upon entering the city, *Central News* reported, the Communists killed those people who had cooperated with Government troops in their defense of the city.

A new refugee village at Kaifeng, was established at the military drill ground just outside the Small South Gate at the beginning of last winter. Recently the administrative committee was abolished, and the Provincial Bureau of Social Welfare has taken it under its direct control.

Commissioner Li Hung-Yin, of the Bureau of Social Welfare, declared at a press conference that all the new refugee villages established at Anyang, Sinhsiang, Chuengchow, Sinyang and Chowkou, will be taken over.

At the Kaifeng refugee village there are about 140 persons living in 32 rooms, he continued, with a primary school for their children's education. In order to help them earn their own living CNC$40,000 to CNC$80,000 has been distributed to them on loan. Last winter each of the refugees was given a suit of cotton clothing. In conclusion, the Commissioner stated that a cooperative vegetable garden is being set up, and that the refugees will work the land and share the proceeds.

When Commissioner Li and several officers of the related organs visited the village a few days ago, they distributed milk to two expectant mothers and CNC$50,000, which was donated by a private person through the local *Li Hsing Daily News.*

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Cotton, Vital China Commodity, Major Factor In Economic Crisis

By BEN Y. LEE (李炳郁)

COTTON is of vital importance in China's economy. It holds a position secondary to no product other than rice. The wealth and prosperity of China depend to a great extent upon the development of cotton production.

Rapidly increasing cotton consumption coupled with a sharp decline in production, due principally to the war, has contributed to the unprecedented economic crisis. In 1946 cotton comprised more than 20 percent of the total value of China's imports. In that year exports exceeded imports by more than CNC$1,500,000,000,000. China suffers from an unfavorable balance of trade, seriously depressing economic reconstruction and the livelihood of the masses.

Cotton Imports

In 1946 China's cotton imports, including UNRRA supplies, totalled 1,738,767 bales, the total value of which, calculated at the present rate of foreign exchange, reaches the astronomical figure of CNC$4,000,000,000,000, or CNC$10,000 per capita. These figures do not include imported cotton piece goods. American low middling was quoted in the Shanghai market early last year at about CNC$80,000 per picul of 133 lbs. Towards the end of the year it was quoted at about CNC$270,000 per picul.

The following figures illustrate the magnitude of the role played by cotton imports in China's international trade:

	(millions) CNC$
Net imports from foreign countries in 1946	1,501,165
Net imports of UNRRA supplies	399,231
Total	1,900,396
Net exports	412,111
Excess of imports over exports	1,488,285
1946 raw cotton imports excluding UNRRA supplies	335,197
Cotton yarn and thread ..	1,720
Cotton piece goods	54,150
Total	391,067

Demand Increasing

The brisk demand for cotton textiles resulting in a steadily increasing consumption of raw cotton, together with the high foreign exchange rate, is the chief factor contributing to the soaring price of cotton. While coarse domestic staple was quoted on the Shanghai market at about CNC$400,000 per picul on March 15, American low middling was quoted at CNC$610,000 per picul of 133 lbs. Prices show every sign of a renewed rise. Unless domestic production is sharply increased during the 1947-48 season, imports cannot be reduced to any considerable extent this year or next.

The followng figures show cotton production during the past decade:

	Quintals
1936	8,750,000
1937	8,360,000
1938-45 (average)	2,600,000
1946-47	3,710,000
1947-48 (expected)	5,500,000

Production Today Low

In prewar years a little over 21,000 square miles, or less than one percent of China's agricultural land, was devoted to cotton growing. China's potentiality for cotton cultivation is almost unlimited if scientific methods of cultivation are applied. Not only should China produce more cotton but it should improve its quality. The climate and soil of China are very suitable for cotton crops all over the country.

At present China has 4,512,000 cotton spindles, including 473,000 spindles in Manchuria, about 155,000 of which are located in Communist-held areas. China, however, expects to have more than 4,000,000 spindles operating to full capacity during the current year. On the basis of 20's yarn to be spun consumption of cotton for the current year is expected to total around 2,500,000 bales. After deducting current stock on hand and domestic supplies, China will still need at least 1,000,000 bales of foreign cotton. This presumes a considerable increase in the 1947-48 cotton production.

China's cotton problem is rooted in political as well as economic causes. As long as the political problem remains unsettled other problems cannot be solved satisfactorily. We hope against hope that the gap between production and demand may somehow be reduced to a minimum. Inflation is one of the factors that hinder our economic reconstruction. For instance, American low middling was quoted almost nine times higher on March 15 of this year than in February of 1946.

Transportation Problem

Disrupted transportation hinders the cotton industry. Not only is the cost exorbitant but the risk is too great. It is welcome news that the Central Air Transport Corporation has completed its third movement of Shensi cotton, amounting to 260 tons. In the opinion of economic circles the airlifting of cotton into Shanghai has many advantages, chief among which is that such means of transportation eliminates interference by bandits.

It is estimated that from 40 to 60 percent of China's cotton crop goes to cotton mills while the rest, roughly speaking about 3,000,000 piculs, is processed in the home or small establishments to produce cotton gowns, jackets, cotton quilts, homespun yarn and other domestic articles. Cotton clothes the masses who cannot afford silk. China is sometimes referred to as the land of the blue gown, as that garment is worn by the masses of her vast population. Cotton padded garments form the principal dress in cold weather. The common costume is a thick cotton padded jacket, a cotton padded gown, a pair of cotton padded trousers, a pair of cotton padded shoes to match, and home-made cotton socks.

Increase Necessary

Production of cotton in China since the end of the war has failed to meet demand. The extensive use of cotton by the public maintains cotton textile prices far above other commodity prices. The casual observer may come to the hasty conclusion that high prices of the staple and the world shortage should stimulate Chinese farmers to exert every effort to increase the supply. This may be undue optimism. The prospective increase of cotton production depends upon the net yield in dollars as compared with the yield of other agricultural products.

For instance, the most common cotton staple grown in Kiangsu and Chekiang provinces is sold at around CNC$400,000 per picul on the Shanghai market, while cotton growers sell their commodity at about CNC$300,000 per picul in their home markets. One mow of land yields an average of 26 pounds of clean cotton, and at the prevailing market price the farmer receives about CNC$60,000 or possibly

Commodities Continue To Lose Ground; Shares Make Comeback

MORE and more people are reported to have sold their holdings in American bank notes to the Central Bank of China in recent weeks at the official price of CNC$-11,640, despite official statements that the official exchange rate of fapi will not be changed. However, few people so far have sold gold bars to the Central Bank of China.

With no trading in gold bars and greenbacks, business in the Shanghai Securities Exchange became very active in the past few weeks with quotations up. However, as from last week quotations started to drop. For instance, Wing On Textiles fell from the high of CNC$3,400 to CNC$2,290 on March 22. This general decline was accelerated by the report that the government would adopt strict measures to check speculation in the exchange, including the payment of deposits and margin in cash, limit the range of daily fluctuations in quotations to 10 or 12 percent, in place of the present 15 percent, and reduce the forward trading period from seven to four or five days.

Trend Shifts To Firm

At the request of the officials of the Shanghai Securities Exchange on Monday, March 24, enforcement of these regulations was postponed following a petition by Messrs. Tu Yueh-sen and Wang Tze-hsin, Chairman of the Board of Directors and General Manager of the Exchange. This postponement caused a general firm trend in the Exchange on March 24 when quotations increased to the maximum levels permitted for the day. Wing On Textiles rose to CNC$2,500.

Other reasons for the downward trend of stock quotations and commodity prices during the past week included the report from Washington that part of the promised American Loan of US$500,000,000 might be given to China in the near future.

However, it must be pointed out that large sums of idle capital are still concentrated in Shanghai with no outlet. Shanghai bank deposits by the middle of March had increased by CNC$150,000,000,000 as compared with the early part of February—during the "Gold Rush" period. The money situation naturally is not at all tight and black market interest rates have dropped to 13 percent per month.

Commodities Decline

With the capture of Yenan by the Nationalist troops, it is believed by some business men that commodity prices may increase as goods may be transported to the interior in the near future with the opening of through service by the railways. However, others believe that commodity prices will not rise as the purchasing power of the people in the interior is very low and, unless inflation intensifies, commodity prices will drop or at least remain unchanged.

Commodities registered considerable declines during the past week. For instance, Monsanto saccharine, which was quoted at CNC$430,000 on March 8, dropped to CNC$290,000 on March 22. Caustic soda, quoted at CNC$5,800,000 on February 22, dropped to CNC$4,300,000 on March 22. Newsprint slid from its high of CNC$160,000 to CNC$98,000 per ream on March 22. Rice fluctuated around CNC$100,000 per picul, showing practically no change.

Yarn Officially Higher

Official price for the purchase of cotton yarn increased to CNC$3,150,000 per bale of 20 counts but cotton mills claimed that their cost is CNC$3,800,000. Meanwhile, the authorities ruled that transactions in cotton yarn should not exceed CNC$3,700,000 per bale of 20's.

Prices may be stabilized in the near future as the government still hopes to soon start the rationing of daily necessities to teachers, policemen, government employees and factory workers at the official rates of CNC$66,800 per picul of rice (open market price CNC$100,000), CNC$2,000 per catty of sugar and CNC$400 per catty of salt. In addition, cotton cloth and briquettes will be rationed. Prices of rationed goods will differ in different places. For instance, while the official price for rationed rice in Shanghai will be CNC$66,800, in Nanking it will be CNC$6,800 higher per picul.

Attempts of public utilities to increase their charges were frustrated by a decision of the Price Control Committee of the National Economic Council, which has prohibited any increase in the charges of the public utilities. Meanwhile it continues to be said that subsidies will be paid by the government to these public utilities in case of losses. The measure will help stabilize commodity prices.

The following list gives the commodity prices in Shanghai during the week ending March 22:

	Mar. 15 CNC$	Mar. 22 CNC$
Bonds C	10,500	10,500
Wing On Textile	2,900	2,290
Mayar Silk	8,550	6,200
Ewo Cotton	18,800	16,000
Rice	105,000	110,000
Wheat flour	52,000	51,000
Peanut oil	285,000	290,000
20's yarn	3,430,000	3,420,000
12 lb. Cloth	156,500	157,000
Raw silk	7,100,000	6,900,000
Artificial silk	6,400,000	6,400,000
Ruby Queen Cig.	32,800	35,500
KB Soap	204,000	208,000
My Dear matches	1,460,000	1,360,000
Newsprint	100,000	97,000

CNC$70,000 per mow from his cotton crop, which is no more and perhaps less than he can earn from a wheat or bean crop. Farmers will not grow more cotton for patriotic reasons; they must figure out which product will yield the best receipts.

Cotton production should increase in pace with increasing demand. Cotton production and cotton manufacturing go hand in hand as China expects to operate 7,000,000 spindles in 1950. Based on 20's yarn each spindle consumes about 300 pounds of raw cotton a year. The estimated requirements of cotton for this current year and for the next few years follows:

year	No. of Spindles in operation	Cotton Consumption in bales	in piculs
1947	 4,000,000	2,400,000	10,900,000
1948	 4,600,000	2,700,000	12,300,000
1950	.... 7,000,000 (expected)	4,000,000	18,000,000

The total domestic production of cotton thus should be:

	Mill Consumption	Other Domestic Uses	Cotton Crop
1947	.. 10,900,000 plus	3,000,000 piculs =	13,900,000 piculs
1948	.. 12,300,000 „	3,000,000 „ =	15,300,000 „
1950	.. 18,000,000 „	3,000,000 „ =	21,000,000 „

Actual mill consumption minus the cotton crop will indicate the requirements of foreign cotton to supply all spindles running during these specified periods.

The following statistics show the diverse increases in cotton textile prices:

	1936 average	Mar. 15, 1946	Mar. 15, 1947	Increase
1. Cotton yarn, per bale, (Double Horse sp. brand) ..	$ 3.00	$1,050,000	$3,650,000	12,000%
2. Grey sheeting, 12 lb. (Dragon Head brand), per bolt of 40 yds.	$ 7.50	55,500	155,000	20,000%
3. US 7/8" cotton Shanghai market, per picul of 133 lb.	$35.00	87,000	610,000	17,500%
4. US cotton on N.Y. at C. Bank's TT rate	——	73,124	576,000	——
5. High cost of Living Index for workers	——	2,750	10,000	(about)—
6. C. Bank's TT on N.Y.	$ 3.30	2,020	12,000	4,000%
7. Domestic cotton, common type, per picul	$32.00	80,000	450,000	15,000%

NEWS OF THE WEEK

Communist Party Declared Illegal In China; Elections Due In '47

INFORMATION Minister Peng Hsueh-pei this week told the press that the "Chinese Communist Party is now considered illegal and will remain so until it has laid down its arms." He further added that the "Kuomintang will cooperate with all peace-minded and legal political parties within the country."

This statement of the information minister came in the wake of Chinese press reports that a program of joint administration had been agreed upon by representatives of the Government, the Young China Party, the Democratic Socialist party and "non-partisan leaders."

The Democratic Socialists and the Young China Party delegates participating in the sessions of the Legislative Yuan, helped pass the bylaws of the National Assembly, and discussed the drafting of the electoral laws.

Thus the break between the Kuomintang and the Communists crystallized by the weekend into a well outlined split and clearly showed two hostile camps facing each other without much thought of political settlement.

Prior to the official announcement of the "banning" of the Communist Party, the Government papers conducted a vigorous campaign giving the Reds "last chances" to repent and lay down their arms. Finally, inasmuch as no such event occurred, they were agreed that the Chinese Communists "are treacherous bandits."

The proscription of the Communists as a party in China originated with the KMT's CEC, which at one of its sessions issued a manifesto which "reaffirmed that the forthcoming reorganization of the Government on a broader basis will mark the end of the period of tutelage and the KMT's one-party rule...." The manifesto also announced that the CEC was "to take determined and prompt measures to put an end to the "Communist rebellion." The Chinese people, the manifesto said, "cannot peacefully co-exist with the Communists as long as the latter remain an obstacle to national unity...."

The CEC, which abolished a few government departments and set up a number of new political and economic organs, also attacked Information Minister Peng Hsueh-pei, and his publicity machinery, "for not doing a good propaganda job," according to *UP*. This was caused by Marshall's reference to "reactionary elements within the KMT," when he left China. The CEC critics emphasized that the presidential envoy had "misunderstood" the position and that it was the minister's duty to have explained to the United States Government the real state of affairs.

Domestic US$ Loans To Be Floated

THE Supreme National Defense Council this week decreed the issue of domestic loans to raise US$400,000,000, to be made up by US$300,000,000 in Treasury notes, bearing two percent interest per annum and maturing in three years, and US$100,000,000 in 10-year Government bonds, bearing 0.6 percent annual interest, the independent Nanking *Hsin Min Pao* reports.

Soong, Chen Yi Defended

AT a later session of the CEC, Generalissimo Chiang Kai-shek defended former Premier T. V. Soong, who, he stressed, had been free from corruption during his tenure as premier, and General Chen Yi, Taiwan Governor, against criticism of his maladministration.

Both had "carried out their duties properly," the Generalissimo is reported by the *Associated Press* to have said.

In sharp contrast to official announcements of the enforcement of constitutional rights and civil liberties were protests by the liberal and left wing press here and a statement by the Civil Liberties Defense Association.

The *Wen Wei Pao* pointed out that the disappearance of estimated totals of 80 persons (conservative) and 300 persons (least conservative) in this city in recent weeks indicated that the situation "affects law and order, disregards human rights, and violates the principles of humanitarianism."

The paper further said that "Communist suspects" should not be arrested without due process of law, irrespective of whether the Reds had participated in the NA or not.

The Civil Liberties Defense Association held a conference, attended by leading liberals, including Carson Chang, leader of the Social Democrats who are already in the Legislative Yuan, and resolved that a movement should be launched to stop the civil war and appoint Carson Chang to negotiate with the City Government regarding the abduction cases here.

The *Ho Ping Jih Pao*, KMT Army organ, charged the Democratic League with disseminating "all sorts of rumors, such as that in one day more than 1,000 people were put under arrest in Peiping, and that in Tsingtao, 6,000 people were arrested." The paper declared: "Such rumors have been sheer slander which has been without foundation at all."

These "rumors," however, were substantiated by reports in the usually reliable *Ta Kung Pao*, which on March 19 began its editorial with these words:

"Following the arrest of more than 1,000 people in Peiping, a number of cases of persons disappearing have occurred here in Shanghai...."

The paper also failed to see how one could follow the advice of Garrison Commander Hsuan Ti-wu to "flatly refuse to be arrested" at the point of a gun. The paper pointed to the *habeas corpus* act "put into force on March 15, 1946"—just a year ago. Finally it advised the Government "on the eve of the enforcement of the Constitution...all the more to display a spirit of government by law, so as to win the confidence of the people."

Involuntarily, General Hsuan admitted that arrests were carried out in Peiping. According to the same *Ta Kung Pao*, he declared: "There is no necessity to conduct a citywide search in Shanghai such as that conducted in Peiping."

The KMT General Labor Union's organ, the *Lih Pao*, expressed the hope that after the conclusion of the CEC sessions that Government would adopt "as many political measures of a positive and progressive character as possible." It cited an ancient sage who said: It is only when you have won the confidence of the people that you can gain control of the country. "We hope that the Third Plenary Session of the KMT CEC will consider this point very carefully," the paper concluded.

"New Deal" Criticized

THE proposals submitted by Chen Li-fu to the CEC were subjected to mild criticism by the *Chung Hwa Jih Pao*, Young China Party organ here. In particular the paper noted that the time was surely not ripe for the issuance of a new currency, that taxes should be collected progressively, that increase of commodity taxes and import duties would affect the people in general, and that Government restrictions on imports have resulted in higher commodity prices.

The only American-owned daily here, the *Shanghai Evening Post and Mercury*, commenting on the "New Deal" proposals, said: "These are trumpeted as designed to solve the country's political, economic, financial, social and party ills—a considerable contract. As a matter of fact, upon examination, most of these proposals are either old, or innocuous, or both. Again we have panacea by an infirm formula."

Regarding Point 7—the broadening of the Government's basis,—the *Post* wrote: "Well—everybody's waiting."

Of a more realistic nature in the economic sphere was the reported extraordinary conference for the promotion of land tax in kind collection and the borrowing of edible grains, held in Nanking. The high officials present, presided over by the Gen-

eralissimo, reviewed the work and discussed measures necessary to fulfill the "pressing needs of the Government."

U.S. Loan Discussed

A WISTFUL discussion of the possibility of the US$500,000,000 United States loan being granted to China, appeared in he local official Chinese press.

Although official U.S. circles stated that the China situation was far less serious than that in Greece or Turkey, the *Tung Nan Jih Pao*, KMT Southeast China organ, disagreed and asserted that the "situation in China is no less serious than that in Greece or Turkey...." The article was entitled: "How about the US$500,000,000 Loan?"

One paper, the *Sin Wan Pao*, went so far to report the immediate possibility of a part of the loan being granted by the Export-Import Bank, conditioned by a Chinese Government statement regarding the use of the loan.

In the United States, Senator Owen Brewster, (Rep., Maine) said he was certain the United States would give firmer support to the Generalissimo within the next two weeks. The Senator also wanted to know the difference between Communism in Greece and in China, contending that there was none. Brewster's statement was welcomed by some papers here, which, nevertheless, opposed his suggestion that General Douglas MacArthur be given charge of the Orient. "He might be named vice-regent there," the Senator suggested.

Former Governor of Kansas, Alf M. Landon, urged an American "return to China, to preclude her becoming another Russian satellite." Republican Senator William Knowland told *Central News* in Washington that he thought the loan should be released to China.

Molotov Agrees On Marshall Idea

SOVIET Foreign Minister Vyacheslav Molotov has agreed to General George C. Marshall's proposal for a written exchange of information of the viewpoints of the governments concerned, on China as provided for under the 1945 Moscow Conference protocol. He withdrew his earlier request that the Foreign Ministers "hear information from the other participants of the December 1945 decisions."

Riot Victims Paid

A REPORT by *Central News* from Taipeh, Taiwan, said that a set of regulations has been drawn up by the Government to govern the compensations to be paid to public functionaries, their dependents and domestic servants, who were killed, injured, or suffered losses in property in the recent riots. No mention was made of compensation to Taiwanese who suffered from the riots.

Yenan Fall Decisive?

FOLLOWING the fall of Yenan, official comment tended to stress the the importance of the event, while the liberal press maintained that the fall of the city did not mean the approach of the end of hostilities, inasmuch as the solution still lay in the political, not in the military sphere.

The *Ho Ping Jih Pao* said that the fall of Yenan "dashes all the hopes of the Communists to pieces." Unless they lay down their arms and support the constitution, the "government forces have no alternative but to continue to teach these people, who have rebelled against the country and the people, a bloody lesson, so that they may realize that they should not rebel against their Fatherland, that they should not keep private armed forces, and that they should not violate the sanctity of the Constitution."

The *Chung Yang Jih Pao* likewise urged the Reds to "lay down their arms, return their armed forces to the State, and convert themselves into a regular political party through normal constitutional procedure."

On the other hand, the liberal-leftist *Wen Wei Pao* said: "Even though Yenan has been captured by the Government forces, we are afraid that even the most optimistic person will not say that the Government troops have won a decisive victory....Anyway, a political settlement of the problem will eventually have to be sought."

In the battles around Yenan, Government forces took Yenchang, 40 miles from the former Red capital. A Sian dispatch estimated that about 600,000 troops had taken part in the Yenan offensive.

Government forces also attacked the region from Ninghsia and captured the city of Yenchih, 150 miles northwest of Yenan.

In Manchuria, the condition was critical for Government forces in Tunghua, 170 miles southeast of Changchun, where Communist troops attacked the city's outskirts.

As to where the retreating Communist troops went after they evacuated Yenan, it was said that the main forces were attempting to cut across Shansi and Honan to link up with the troops of Gen. Liu Po-cheng and thence conduct attacks against major North China cities.

General Chen Cheng, Chief Of Staff, declared in Nanking on March 20, that the Government is now engaged in an offensive to destroy the main Red forces within three months. He said that the "Government is now convinced that there is no way other than military action to settle the differences between the Government and the Communists."

Gen. Chen said that the Government does not expect foreign help to wage its offensive against the Communists. He declared that it would adopt the same attitude as in the early days of the Japanese war when "it fought without outside help."

Taiwanese Protest Killings

A COMMITTEE of Taiwanese leaders protested to National Defense Minister General Pai Chunghsi in Formosa against progressing reprisals and increasing terrorism, which resulted in more than 10,000 persons killed in "bloody, retaliatory measures," *UP* reported from Nanking.

The leaders cabled Gen. Pai, who is currently touring Taiwan, saying that Governor Chen Yi regards as Communists all Taiwanese who participated in the Committee of the February 28 Incident....and those who voiced disappoval over the local administration. They said Governor Chen had these persons arrested and shot without giving them a trial. They further said that those killed were loyal junior officers of the Kuomintang or industrialists of good standing in Taiwan....

TIME TO BRIDGE THAT GULCH

Pulitzer Prize Editorial Cartoon for 1945 by Bruce Russell in the Los Angeles Times.

What U.S. Papers Say . . .

MACARTHUR's recommendations on the subject of further control of Japan and of a Japanese peace treaty met with a diversified reaction among United States papers.

On the other hand, Marshall's statement in Moscow on the American conception of democracy met with universal approval all over the United States. Meanwhile, the Greece-Turkey policy was still under discussion. The *Washington Post* published an important editorial detailing the difference between the Greek and the Chinese situation and condoning the Government's separate policies toward the two nations.

* * *

JAPAN

MACARTHUR's request for an early peace treaty and the relinquishment of control over Japan to the United Nations met with a varied response among United States papers.

The *Christian Science Monitor* called MacArthur's proposals "provocative and more than ordinarily persuasive," adding that to turn Japan over to the United Nations "unquestionably would strengthen the United Nations....The United Nations urgently needs to become something more than a sounding board for big-power controversies. It must take on solid and significant responsibilities....This step, properly safeguarded, would represent a practical gesture of large-minded cooperation with Russia."

In opposition, the *New York Herald Tribune* averred: "A first objection....is obvious: the United Nations is not yet out of swaddling clothes....A second objection of almost equal weight is that inviting the United Nations to guide the development of Japan would be to give the Russians greater influence in a country in which Communists presumably under the domination of Moscow, are extremely active.

"On the other points made by General MacArthur, there is more room for argument. Whether his command should be abolished—as he suggested—rests in large measure on what decisions are made as to the future of Japan. Much depends on the extent to which Japan has been reformed to date (the General seems too optimistic on this point), and even more depends upon what is believed as to the possibility of making Japan a well-governed democracy.

And the *Washington Post* "Whether the MacArthur plea for an early peace treaty with Japan will spur the Far Eastern Commission in Washington to prepare the ground for it may be doubted. The commission is stymied on the problem of reparations....There is no possibility of arranging a peace till this issue has been settled nor any likelihood of improvement in the dragging Japanese economy. We have suggested that General MacArthur should go ahead and issue an interim directive on reparations. He is not beholden to the Far Eastern Commission nor is the State Department, to be sure. Under the Moscow agreement governing controls in Japan such a directive would have to come up for review by the Allies. But we could exercise our veto power in case of objection."

* * *

MARSHALL

WIDESPREAD approval was occasioned by Marshall's democracy statement in Moscow. According to the *New York Herald Tribune*: "The Truman message (on Greece and Turkey) calls for a demonstration of the practical values of our system in action. The Marshall statement proclaims for the world the ideological values of the principles on which the system rests, says they have specific meaning, says that we believe in them, and says that we are going to stand up for them. In a deeply significant sense, the message and the statement are complementary.

"It will not be easy for Mr. Molotov to meet a challenge of this kind, for it exposes him to the necessity of confessing that these freedoms and liberties—which many men still value highly—are not in the gift of Soviet 'democracy.'

"It would be a grave mistake for Americans to imagine that the Russians are insincere in their use of the word 'democracy' or that the mass 'democratic' rights which their totalitarian system guarantees—rights to full employment, to the stability of a police state, to social equality—do not have their appeal to men.

* * *

GREECE-CHINA

THE *Washington Post* carried an interesting editorial on the situations in Greece and China which, it said, "are poles apart," refuting charges of "inconsistency" in the Government's policy toward the two countries. Its reasoning ran, in part, as follows:

Before the House Foreign Affairs Committee, Dean Acheson gave a convincing answer to this line of argument....He said that for many years past the Communists had had a functioning government in their section of China. The Nationalists and the Communists had been in diplomatic relation long before the United States sought to act as mediator. Proposals with a view to promoting unity had been made by Chiang Kai-shek himself. There is no evidence, so far as we can make out, of Soviet support for the Chinese Communists.....Finally, we have already given much more aid to China than we proposed to give to Greece.

"These considerations put the case of China in a different category from that of Greece. The writ of the Greek Government still covers all of Greece. It is menaced not from within but from without."

Business Foot-Notes

The Board of Supplies of the Executive Yuan has chartered 15 vessels from an American navigation company to transport the U.S. surplus bought by China, the *Chung Hwa Shih Pao* reports. Of the chartered vessels, 10 are Liberty ships of 10,000 tons each, and five are landing barges of 1,200 tons each. According to the contract, three ships will engage in transporting the surplus supplies beginning this month.

* * *

The *Chien Hsien Jih Pao* reports that Shanghai has a total of eight electric bulb factories, producing an average of 441,000 bulbs a day. Though the output is identical with the prewar figures, the demand is very brisk. The electric bulb industry is facing great difficulties in manufacturing due to lack of materials.

* * *

In one of China's greatest shipping tragedies, more than 120 officers and enlisted men aboard the Chinese gunboat Foo Po were lost following a collision with a coaster last week, the *China Press* said. The first information regarding this collision came from the commander of the Chinese Navy at Amoy.

* * *

In Manila, a military assistance agreement, placing the Philippine armed forces in a position to receive arms, munitions, technical advice and training from the United States, was signed on March 21 by President Manuel Roxas and United States Ambassador Paul V. McNutt.

* * *

The Cotton Examination and Distribution Committee has issued a statement regarding the import of 230,000 bales of raw cotton at a cost of US$40,000,000, the *Sin Wan Pao* reported. According to the statement, those who want to import raw cotton outside the quota fixed by the authorities, can do so, but the Central Bank of China will not provide foreign exchange. Foreign exchange must be supplied by the mills themselves, and evidence shown to the authorities that their foreign currency was obtained before the Emergency Economic Control Regulations of February 17.

* * *

UNRRA's China office has announced plans for the gradual termination of its direct participation in relief and rehabilitation work in China. Subject to modification, under the present schedule UNRRA's health and welfare work will be concluded on March 31, and displaced persons activities by June 30. UNRRA's agricultural and industrial rehabilitation programs, and the participation of their "program personnel" on loan to CNRRA and the Chinese Government ministries will cease on September 30. A small liquidation staff will remain in China until the end of the year.

* * *

A scant 24 hours before the nationwide strike deadline, CIO United Rubber Workers Union in Cleveland announced that it had reached an agreement with the big four rubber companies for a wage increase of US$0.11½ hourly. Union spokesman Robert Cruden said the increase would be retroactive to Feb. 2.

* * *

According to the British Board of Trade statistics, the average monthly weight of iron and steel sent by Britain to China in 1938 was 1,800 tons. The same average for 1946 has increased to 2,500 tons. But the returns for the last two months of that year are more significant, for in November 3,300 tons and in December 4,800 tons were exported from that country to China.

What Chinese Papers Say...

PREPONDERANT emphasis was laid by Chinese papers this week on the fall of Yenan. Most of them were particularly concerned as to whether this would lead to further political negotiations bringing the civil war nearer a close.

MacArthur's statement on Japan was also widely discussed; the consensus of opinion was that he takes an overly optimistic view of Japan's democratization.

There were some rather interesting commentaries on the question of an American loan.

• • •

YENAN

Nationalist-controlled papers, for the most part, speculated hopefully or otherwise upon the possibility of a political solution to the civil war now that Yenan has fallen.

With the *Shun Pao*, many of them felt that the government should take this opportunity to attempt to reopen peace negotiations and "give the Chinese Communists another chance." They also recognized the probable necessity of further fighting.

Some papers, like the *Chung Yang Jih Pao* hoped that with the fall of Yenan the Communists would see the error of their ways and surrender to the Government.

Sin Wen Pao considers the fall of Yenan particularly important as in the minds of people at home and abroad "Yenan" has long been inseparable from the "Chinese Communists." The paper believes that those people in China who have been deceived by the Communists will now see the light, and the wrong notions of a small number of people abroad will be corrected. Therefore, the political significance of the fall of Yenan is greater than the military.

The liberal-leftist *Wen Wei Pao*, in two different editorials, emphasized the fact that the Communists did not attempt to defend Yenan, but evacuated in an orderly fashion. It is obvious, according to this paper, from events following the fall of Changchun and of Kalgan, that the fall of Yenan will not mean an end to the Communists' resistance. Whatever military moves the government may make, in the end the problem will have to be settled by political means.

• • •

JAPAN

MACARTHUR'S proposal for the evacuation of Japan by American military forces met with a negative reaction from most of the Chinese papers. The *Ta Kung Pao* speculated as to whether his motive was a true belief that the occupation and control of Japan have already proved a success, or the fear that the present difficult economic situation in Japan will increase the economic burden of the United States. The paper inclines to the latter explanation. It avers that the bureaucrats and Zaibatsu still rule Japan under cover of Allied control and the remnants of the militarists still thrive secretly. The paper fears the economic recovery of Japan will lead to China's taking a subordinate position as supplier of raw materials.

The KMT's *Chung Yang Jih Pao* is in accord with this view. While it approves of an early peace treaty with Japan, it does not approve of the withdrawal of Allied troops.

On the subject of reparations, the *Shun Pao* endorses an early settlement, as well as the principle that as China resisted Japanese aggression the longest and suffered the most she should be given a relatively large share. Not only does the paper feel that the time is already ripe for the conclusion of a peace treaty with Japan and that the problem of reparations should be solved at an early date, but it also hopes that General MacArthur will put into effect immediately the temporary reparations program which he has proposed.

• • •

U.S. LOAN

NATIONALIST papers seem to follow the line that it is the United States' duty to continue aid to China, while the liberal element contends that aid was never withdrawn.

According to the *Tung Nan Jih Pao* the extension of a loan to China by the United States is only a question of time. However, due to certain considerations, including the Moscow Conference and the statement issued by General Marshall on the eve of his departure from China, the extension of the proposed loan has been delayed. It is possible that China's own efforts will make the United States ignore these considerations so that she will extend the loan at an earlier date than would otherwise be the case. The directions in which these efforts should be made include trying to gain the initiative in her own foreign affairs and the realization of a democratic government.

The *Shang Pao*: The losses sustained by China and her sacrifices during the war were greater than those of Greece and Turkey, and that is why she expects the United States to extend her a larger amount of aid of various kinds than that expected by those two countries. The paper earnestly hopes that the United States will not continue to pursue a wait-and-see policy simply because of certain technical problems.

The *Wen Wei Pao* contends the phrase "returning to China" is inaccurate as applied to the United States, as it has never really withdrawn. The proposed loan has not yet been extended because the United States wishes to avoid attack at the conference table in Russia and also by the American people.

Who's Who in China

CHANG CHIH-PEN, jurist, educational worker and politician; born at Kiangling, Hupeh, on January 22 1880; after graduating from Linghu University, Wuchang (University of Hunan and Hupeh), went to Japan and studied law at

Chang Chih-pen

（張知本字懷九）

the Imperial University in Tokyo; returned to China, joined and soon became a leader of Tungminhui, revolutionary organization founded by Dr. Sun Yet-sen, in Hupeh; participated in the Revolution of 1911 and subsequently became Minister of Justice of Provisional Revolutionary Government; later was appointed commissioner of justice of Hupeh; president of Hupeh Law College, and Shanghai College of Law; member of Central Executive Committee of Kuomintang in 1924; chairman of Hupeh Provincial Government and concurrently member of Wuhan division of Central Political Council of Nationalist Government, 1927-28; participated in Northern Military Provisional Government, 1927-28; participated in Northern Military Coalition Government at Peiping, 1930; was appointed chairman of Hupeh Provincial Government; vice-chairman, Constitution Drafting Commission, Legislative Yuan; secretary-general of Judicial Yuan; president, Administrative Court; member of Central Supervisory Committee of Kuomintang and also nominated delegate to National Assembly; author of Social Law, Public Ownership of Land, and How to Elicit Evidence in Civil Cases; address: Administrative Court, Nanking.

Four leading firms, namely the Yangtze Company, the Nanyang Company, the Szechuen Livestock Company and the Central Trust, have monopolized more than 70 percent of the export trade in bristles in Shanghai, a report in the *Wen Hui Pao* says. With the exception of the Central Trust, which confines its purchases to this city, the firms send men to Hankow, Chungking and other bristle producing areas to make purchases. Thus, other small exporters find themselves unable to compete and must purchase the product from the vicinity of Shanghai and various hsiens in the Kiangpei district. It is learned that a certain government agency purchased more than 5,000 cases of bristles prior to the February revision of the foreign exchange rate thus reaping huge profits.

NEW BOOKS OF INTEREST

Wartime Shanghai

LOOK SOUTH TO THE POLAR STAR *by Holger Cahill. Published by Harcourt Brace and Company, New York,* 1947. 554 *pp.* US$3.00. *Reviewed by Marion Barney.*

IF a little heavy with political implications, this is still a most effective novel. It is a tale of extraordinary adventure in China just before and after Pearl Harbor. Along with the philosophizing and political theorizing are some most skillful descriptive passages.

An American consular official and his assistant are searching for a compatriot, a scholar living among the Chinese peasants, who is suspected of working with the Japanese. His daughter, after neatly avoiding repatriation and the snares of the Japanese, is also trying to find her father. The chase leads from pre-Pearl Harbor Shanghai to Communist guerrilla territory directly after.

Shanghai with war nerves is most vividly if unkindly portrayed. The dirt and the squalor, a city "resting on the backs of the rubble people;" a city indifferent to suffering and seething with rumor, full of "Ocean Devils left in the stinking mud flats, gasping in the unfriendly air and trying to moisten each other with their gasping."

Along with the well-turned phrases are many straight descriptive passages, such as the following of the environs of Shanghai:

"He guided the boat slowly through a narrow canal between paddy fields veined with watercourses from sky to sky. Beside the water the bare fields were shadowed by the moist breath of evening. Above the eastern horizon, clouds heavy with the smoke and dust of the city hung in the upper air, solid masses of yellow dusk. In the fields were tile roofs hidden in clumps of willow and dead mulberry but here along the canal there was only the sullen monotony of yellow water and yellow earth."

Whether the description of the Communists and their territory is as apt it is hard for the uninitiated to judge. It sounds a bit idealized; Mr. Cahill is obviously a man with a cause. The Communist army appears to be a solid mass of simple, virtuous peasant boys with poetic souls.

The book is rather long. There are profound conversations which seem needlessly involved. The characters speak in innuendos which the casual reader may find wearing. Often it requires considerable concentration to keep track of who is saying what. But it is, on the whole, worth reading, as an adventure story or as a commentary on the Chinese situation, depending upon your political convictions.

Filipino-American

AMERICA IS IN THE HEART *by Carlos Bulosan. Published by Harcourt, Brace and Co., New York,* 1946. 327 *pp.,* US$3.00. *Reviewed by S. E. Shifrin.*

IN every sense of the term it is a personal history, as its sub-title indicates. A personal history of a Filipino boy who came to the United States when the Islands were not yet independent. There is in it the heart—and back-breaking struggle of a Filipino peasant family to give an education to one of its members and still keep the small plot of farmland for itself. But the two were incompatible in those days, and the land passed into the hands of an usurer to be painfully redeemed later. There was no prospect in the Philippines for Bulosan so he shipped to the States, and after some time and some misadventures met his two brothers who were already there.

Personal reactions to racial hatred and discrimination vary. In some it arouses bitter hate and loathing. In others it arouses the desire to fight back, but does not condemn the whole country on the performance of a section. Bulosan believes in a better and progressive America, and in his right as an American to contribute to the attainment of this goal, for "America is in the heart."

His is a story of the migratory workers in California, and elsewhere, maltreatment of the Filipinos, their lives in vice districts in which they find themselves segregated, and the depths of personal degradation to which such conditions may lead. It was a sad commentary on the state of affairs in a free country that a special Presidential proclamation had to be signed to give Filipinos the right to join the armed forces of the United States. And the Filipinos enlisted and fought.

Horror In Petitpoint

THE ANGELIC AVENGERS *by Pierre Andrezel. Published by Random House, Inc., New York,* 1947. 402 *pp. Reviewed by Marion Barney.*

IT is difficult to say just what the author of this book is about, but whatever it is, he has taken a lesson in style from Hugh Walpole and other lamented Gothic novelists.

The modern reader, reared in the realistic tradition, will have difficulty getting through Part I; he will be bewildered by the saccharine heroines who could have shown up Robertson's Pameia. But let him persevere; having completely destroyed his sense of reality, the author will subtly and most effectively instill a sense of horror. Truly, the villain is so black as to be a work of art, and the suspense is handled skilfully. As the reader is in no danger of identifying himself with the young ladies in distress, his sympathies will not come into play, destroying the nightmare quality. Let him take care, however, that his sense of the ridiculous is lulled into insensibility.

The following passage is an example of the mode of expression conscientiously followed:

"His eyes rested upon the young girl's form. Within the firelight her hair shone like gold; her cheek and throat took on a deep, delicate glow; the blue eyes with their thick eyelashes were wide open, and met his with an inquiring, glassy brilliance. He felt, at this moment, proud, both of her, who was so lovely and innocent, and of his own power over her. Once more he turned away his eyes, so as not to be tempted to take her in his arms, and to press that delicate pure and blooming young body to him."

Mincing along thusly, we finally arrive at such passages as this:

"Man," she said, "is made in the image of God, so it is written in the Scriptures. But woman is the most hideous of all creatures. The naked woman is so loathsome that thought shrinks from her. Never have I dared really to put up before myself the picture of a naked woman. If it had happened to me to view myself naked in a looking-glass, I should have had to stay in a dark room for the rest of my life. The particular functions of women are so abominable that among themselves women will only mention them in a low voice. It is a terrible lot for a human being thus to despise and shrink from itself, and to know that there is no escape from the horror and debasement. A few of us, perhaps, have lived in the hope that man, as the higher being, would show forbearance with our misery. But these too have finished by telling themselves, 'It is impossible.' "

According to the jacket: "The ultimate triumph of virtue and dignity, the overthrow of one of the most murderously evil forces in literature, make this an enthralling and satisfying tale. Yet only thinly veiled beneath its perfect style and its author's pseudonym there is a symbolism that has already sounded like a trumpet call to all oppressed peoples. It is a bold and noble condemnation of those enemies of the world's spirit who, though smoothly plausible at first, turned out to be the very embodiment of evil."

I don't get it, unless the innocent young ladies are supposed to be satellite nations, which strikes me as extremely tasteless.

A bill was introduced into the Philippine Senate by Senator Vicente Sotta calling for one year's imprisonment for any one found guilty of racial discrimination against Filipinos. He said that the bill was designed to suppress the casting of dishonor on Filipinos, such as signs that are at present displayed in some clubs and restaurants to the effect that they are "exclusively for Americans and Europeans."

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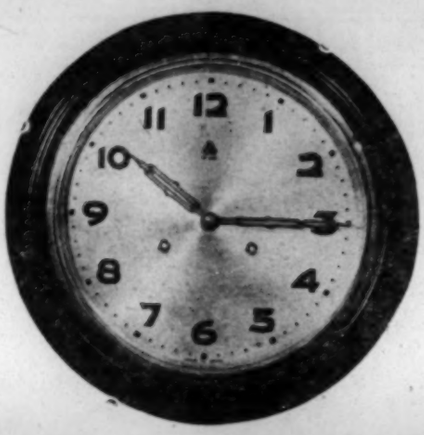

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TIME TABLE

4	6	8	2	10	12	16	72	82	84	TRAIN NO.	1	5	15	7	3	9	11	71	81	83
I, II Exp.	I, II III Exp.	I, II Exp.	I, II N'king Excur. Throu. Exp.	I, II III Night Exp.	I, II Night Exp.	I, II III Night Exp.	I Wusih Excur.	I Wusih Excur.	I Wusih Excur.	STATIONS	I, II H'chow Excur. Throu. Exp.	I, II III Exp.	I, II III Exp.	I, II Exp.	I, II Exp.	I, II III Night Exp.	I, II Night Exp.	I Wusih Excur.	I Wusih Excur.	I Wusih Excur.
7.00	9.00	11.00	13.30	21.50	23.00	23.20	17.15	6.40	20.30	D SHANGHAI NORTH A	14.45	16.25	18.25	19.30	22.45	6.35	8.00	13.05	23.55	18.40
	10.16	12.14		23.23						D KUNSHAN D		15.24	17.09	18.15		5.28				
8.41	10.57	12.57	15.17	0.20	1.06	1.43	19.09	8.26	22.31	A D	13.06	14.33	16.23	17.29	21.06	4.39	5.39	11.12	21.52	16.51
8.48	11.06	13.04	15.26	0.27	1.13	1.55	19.16	8.31	22.38	D SOOCHOW A	12.59	14.19	16.17	17.21	20.58	4.32	5.19	11.06	21.46	16.40
9.36	11.54	13.55	16.14	1.22	2.08	2.50	20.05	9.25	23.30	A D	12.11	13.24	15.14	16.27	20.10	3.39	4.26	10.15	20.55	15.40
9.42	12.06	14.02	16.23	1.29	2.15	3.00				D WUSIH A	12.04	13.18	15.08	16.21	20.03	3.33	4.19			
10.31	12.59	15.01	17.09	2.27	3.13	4.05				A D	11.17	12.22	14.05	15.20	19.16	2.36	3.30			
10.40	13.08	15.15	17.19	2.37	3.25	4.13				CHANGCHOW D A	11.06	12.09	13.55	15.08	19.06	2.24	3.20			
11.38	14.00	16.13		3.56	4.29	5.16	Suspended on Sunday	Run on Sunday	Run on Sunday	A D		11.09	12.40	14.05	18.12	1.07	2.03	Suspended on Sunday	Run on Saturday	Run on Sunday
11.41	14.03	16.17		4.00	4.33	5.20				TANYANG D A		11.05	12.36	13.55	18.08	1.02	2.00			
12.18	14.40	17.01	18.46	4.46	5.18	6.02				A D	9.32	10.28	11.44	13.07	17.23	0.09	1.07			
12.25	14.45	17.17	18.53	4.55	5.27	6.09				CHINKIANG D WEST A	9.24	10.21	11.38	12.59	17.15	23.56	1.00			
13.55	16.10	18.50	20.20	6.30	7.15	7.50				A NANKING D	8.00	9.00	10 00	11.00	15.45	22.00	23.00			

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STATIONS	Kilo.	I Class Ordinary Express		II Class Ordinary Express		III Class Ordinary Express		"Triumph" Express, Nanking & Hangchow Excursion Through Expresses I	"Triumph" Express, Nanking & Hangchow Excursion Through Expresses II	"Tai Hu" Excursion
SHANGHAI N. TO:—										
KUNSHAN	52	4,000.	10,000.	2,000.	5,000.	1,000.	2,500.			
SOOCHOW	87	8,000.	10,000.	4,000.	5,000.	2,000.	2,500.	19,500.	10,500.	20,000.
WUSIH	129	10,000.	12,000.	5,000.	6,000.	2,500.	3,000.	19,500.	10,500.	20,000.
CHANGCHOW	168	14,000.	16,000.	7,000.	8,000.	3,500.	4,000.	19,500.	10,500.	
TANYANG	213	16,000.	20,000.	8,000.	10,000.	4,000.	5,000.	30,000.	16,500.	
CHINKIANG WEST	243	18,000.	22,000.	9,000.	11,000.	4,500.	5,500.	30,000.	16,500.	
NANKING	312	24,000.	28,000.	12,000.	14,000.	6,000.	7,000.	30,000.	16,500.	

SHANGHAI-HANGCHOW LINE
TIME TABLE

23	21	61	67	25	1	41	27	TRAIN NO.	24	42	2	68	26	22	62	28
I, II III Exp.	West Lake Throu	II, III Ord.	IV Mixed	I, II III Exp.	I, II H'chow Throu. Exp.	II, III Ord.	I, II III Exp.	STATIONS	I, II III Exp.	II, III Ord.	I, II N'king Throu. Exp.	IV Mixed	I, II III Exp.	West Lake Excur.	II, III IV Ord.	I, II III Exp.
6.45	8.00	8.15		11.30	16.00	16.15	22.45	D SHANGHAI NORTH A	9.15	12.15	12.35		18.55	20.05	22.30	23.30
7.05	8.16	8.36	9.00	11.53	16.19	16.36	23.06	D SHANGHAI WEST D	8.58	11.55	12.20	17.20	18.37	19.49	22.13	23.12
7.49		9.46	10.29	12.38	17.03	17.46	23.50	A D	7.51	10.44	11.26	15.29	17.48		21.00	22.16
7.54		9.56	10.40	12.43	17.08	17.51	23.55	SUNGKIANG A	7.47	10.38	11.21	15.22	17.39		20.54	22.11
9.02	10.02	11.40	12.50	13.50	18.16	19.23	1.06	A D	6.35	9.04	10.13	13.10	16.20	17.54	19.25	21.00
9.16	10.08	11.50	13.15	13.58	18.26	19.33	1.16	KASHING D A	6.28	8.55	10.04	12.45	16.11	17.47	19.12	20.50
10.00		12.33	14.52	14.32	19.01	20.16	1.50	D YEHZAH D	5.56	8.14	9.31	11.53	15.39		18.29	20.18
10.31		13.18	15.56	15.04	19.32	21.01	2.21	A CHANGAN- D	5.23	7.27	8.58	10.40	15.06		17.42	19.34
10.36		13.26	16.10	15.11	19.37	21.06	2.26	D TSENG A	5.19	7.22	8.54	10.27	15.02		17.37	19.27
11.30	11.55	14.45	18.10	16.20	20.30	22.20	3.25	A HANGCHOW D	4.25	6.10	8.00	8.30	14.00	16.00	16.25	18.25

FARE LIST

STATIONS	Kilo.	I Class Ordinary Express		II Class Ordinary Express		III Class Ordinary Express		"Triumph" Express, Nanking & Hangchow Excursion Through Expresses I	"Triumph" Express, Nanking & Hangchow Excursion Through Expresses II	"West Lake" Excursion
SHANGHAI N. TO:—										
SUNGKIANG	45	4,000.	10,000.	2,000.	5,000.	1,000.	2,500.	19,500.	10,500.	
KASHING	99	8,000.	10,000.	4,000.	5,000.	2,000.	2,500.	19,500.	10,500.	15,000.
YEHZAH	126	10,000.	12,000.	5,000.	6,000.	2,500.	3,000.	19,500.	10,500.	
CHANGANTSENG	151	12,000.	14,000.	6,000.	7,000.	3,000.	3,500.	19,500.	10,500.	
HANGCHOW	190	14,000.	18,000.	7,000.	9,000.	3,500.	4,500.	19,500.	10,500.	25,000.

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